

Objects & Reasons For Differential Rates 2023-24



BELMONT
CITY OF OPPORTUNITY



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Acknowledgement of Country

The City of Belmont acknowledges the Whadjuk Noongar people as the Traditional Owners of this land and we pay our respects to Elders past, present and emerging. We further acknowledge their cultural heritage, beliefs, connection and relationship with this land which continues today. We acknowledge all Aboriginal and Torres Strait Islander peoples living within the City of Belmont.

Introduction

The City prepares a budget each year which must be adopted by Council. The aim of the budget is to provide sufficient funds for the City to provide the services and key infrastructure that the community wants, while ensuring rates offer value-for-money.

It is a requirement of the *Local Government Act 1995* 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.



Proposed Expenditure

Draft Capital Works Budget 2023-24

Please note some projects may be subject to further consultation outcomes or consideration and could change



Parks and Environment \$5.8M



- Bilya Kard Boodja Lookout foreshore stabilisation
- Park irrigation renewals
- Esplanade foreshore stabilisation
- Playground renewals
- Park Furniture renewal

Path Network \$416K



- New footpath and fencing installations
- Upgrades to existing paths
- Replacement of damaged sections of footpaths

City Projects \$1.4M



- Wilson Park Precinct
- Faulkner Civic Precinct
- Peet Park Community Centre
- Oasis Pool redevelopment
- Belvidere Street revitalisation
- Abernethy Sporting Precinct

Roads \$3.5M



- Abernethy Road Rehabilitation - McDowell St to Kewdale Rd
- Road resurfacing program:
 - Miles Road Stage 2 - Bell St to Kewdale Rd
 - Belgravia Street - Wright St to Fulham St
 - Belvidere Street - Keymer St to Hardey Rd
 - Belgravia Street - Sydenham St to Wright St
- Kooyong Road - Francisco St Roundabout – Blackspot project

Buildings and facilities \$2.4M



- Upgrades and refurbishment of City buildings
 - Belmont Oasis HVAC and fire hydrant
 - Civic Centre chiller replacement
 - Disability access improvement
- Middleton Park sports lighting
- Garvey Park Jetty launch ramp

Other \$2.1M



- Fleet and plant replacement
- IT network hardware
- Website improvements

Refer to the Draft Capital Works Budget 2023-24 for the complete list of proposed projects

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 \$54.7m, required to be made up from rates. This funding pays for infrastructure and services like roads, parks, streetscapes, library, museum, leisure centre and events, to name a few. We are proposing increasing rates by 5.0% 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 rate in the dollar which is being proposed to be increased by 5.0%, and the minimum payment required for each rate category in 2023-24.

Rate Category Proposed for 2023-24	Cents in the \$	Min Payment \$
Differential Rates		
Residential	7.252400	930
Commercial	7.625900	1,095
Industrial	7.662200	1,115

Key projects and services we will deliver

Key Capital projects to be delivered in 2023-24

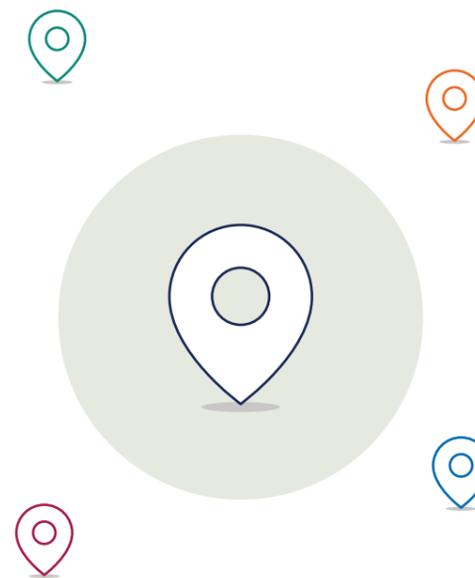
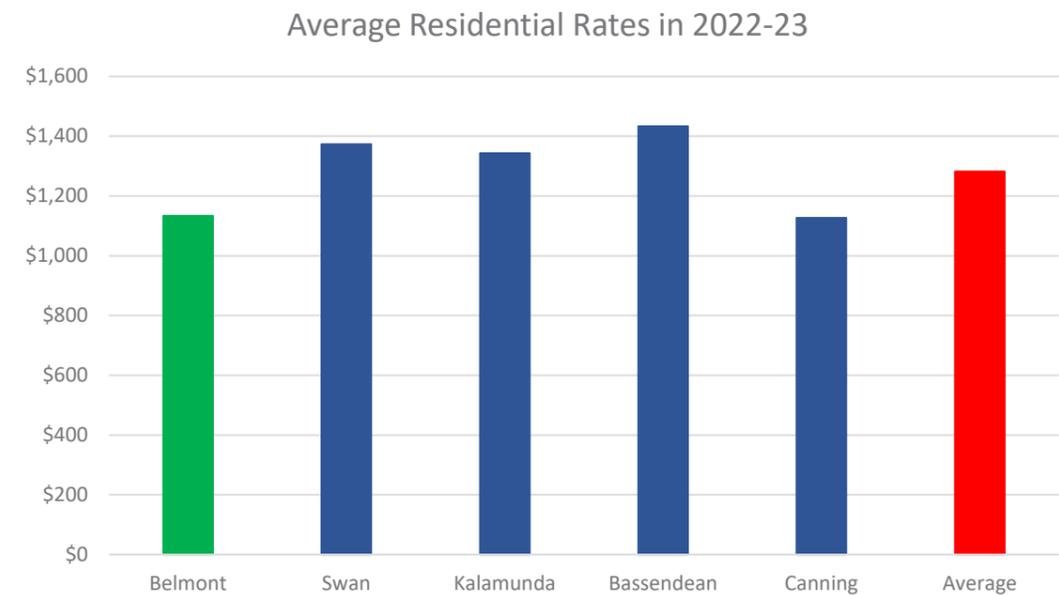
- Playground renewal \$525K
- Irrigation renewal \$1M
- Bore renewal \$245K
- Other park, leisure and environment \$1.2M
- Road renewals \$3.5M
- Drainage renewals \$575K
- Footpath renewals and new footpaths \$417K
- Other transport projects \$101K
- Fleet and plant renewals \$1.6M

Key Services being delivered each day

- Waste collection – 2 bin service and on demand bulk bin services
- Library, Museum and Leisure Centre
- Community Watch security patrols
- Free events for our community
- Community Contribution Fund – Grants and donations for local clubs, individuals, incorporated community groups and not-for-profit organisations to provide projects, programs or activities that benefit the Belmont community.

How do we compare with our neighbouring Councils?

The graph below demonstrates how Belmont compares with our neighbouring Councils. The comparison is based on the 2022-23 financial year and the information is sourced from the annual budgets published by the Councils which includes all residential properties.



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 \$54.7m in Council's Operational and Capital Program for 2023-24.

The table below shows the net funding shortfall of \$54.7m which will be funded via the proposed 5.0% increase in rates for 2023-24.

	Draft Budget 2023-24 \$M
Budget Surplus Brought Forward	8.9
Operating Revenue	14.5
(Less) Operating Expenditure	75.2
Plus non-cash items (depreciation/provisions)	11.4
(Less) Capital Expenditure	16.9
Plus Capital Grants & Contributions	2.1
Plus Proceeds from Asset Sales	1.9
Plus/(Less) New financial reserve transfers	(0.8)
(Less) Loan repayments	0.6
(less) Surplus carried forward	0.5
Rate Setting Statement deficit funded from rates	54.7

New capital projects planned for 2023-24 total \$15.2m, with the addition of a number of previously approved projects deferred from last year of \$1.7m resulting in total capital expenditure of \$16.9m.



Why are there different rates for different properties?

Different properties in Belmont are charged different rates, hence the term 'differential rates'.

Properties are charged differently according to their primary use. The difference is to ensure that a reasonable contribution to the cost of local government services and facilities.

As commercial and industrial sectors generate higher traffic volumes with heavier loads than the residential sector, they should contribute at a higher level for road construction, maintenance and refurbishment. Residential properties typically pay lower rates due to the lower GRV applied and the application of a high GRV concession.

Under the *Local Government Act 1995*, 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.*

Who undertakes the GRV valuations?

All GRV property valuations are provided by the independent State Government authority Landgate and the Valuer General of WA. The City pays a fee for this service but has no role in determining the valuation for any property, nor does the City have the ability to appeal a valuation provided by the Valuer General.

The Valuer General of WA will be undertaking a valuation of properties within the City for the 2023-24 year. This will cause the GRV property valuations in the City to change from those used in the previous year.

How are rates calculated?

Council sets the rate in the dollar every year for each rate category. The independent State government authority, the Valuer General of WA sets the Gross Rental Value (GRV) every three years. The GRV is a property's estimated yearly rental income. Your property's GRV is stated on your annual rates notice.

To calculate your annual rates, multiply your GRV by the rate in the dollar and subtract any rate concessions you may receive if eligible.

Rates (\$) = GRV X Rate Category RID – any rate concessions

What will happen to rates if the GRV valuations increase?

When the Valuer General of WA completes its valuation of properties within the City for the 2023-24 year, the City will revise the valuations it uses to determine the rates which apply to each property.

The objective of the proposed rates and charges in the 2023-24 budget is to provide for the net funding shortfall of \$54.7m in Council's Operational and Capital Program for 2023-24. If the property valuations were to increase, the City will revise the rates in the dollar downwards to achieve the same overall rates revenue.

For example, if there was an increase in property valuations of 10%, the impact on the rate in the dollar would look like this.

Before the updated property valuation

Rate Category	Total GRV	Cents in the \$	Rate Revenue
Residential	300,000,000	7.252400	21,757,200
Commercial	140,000,000	7.625900	10,676,260
Industrial	120,000,000	7.662200	9,194,640
			\$41,628,100

After the updated property valuation

Rate Category	Total GRV	Cents in the \$	Rate Revenue
Residential	330,000,000	6.593091	21,757,200
Commercial	154,000,000	6.932636	10,676,260
Industrial	132,000,000	6.965636	9,194,640
			\$41,628,100

Proposed Rates & Minimum Payments for 2023-24

The table below shows the rate in the dollar set by council which has increased by 5.0%, and the minimum payment required for each rate category in 2023-24.

Rate Category Proposed for 2023-24	Cents in the \$	Min Payment \$
Differential Rates		
Residential	7.252400	930
Commercial	7.625900	1,095
Industrial	7.662200	1,115

What are the differential rate categories?

Residential

The objective of the residential rate category is to apply a base differential rate to land used for residential purposes and to act as the City's benchmark differential rate by which all other rated properties are assessed.

This rate assures that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout Belmont.

Council is committed to increasing the residential rates base resulting in growth which will evenly distribute the overheads of maintaining the infrastructure of the City. There are continuing positive signs of redevelopment under the current Local Planning Scheme, and this is envisaged to continue to increase into the foreseeable future.

The proposed rate in the dollar for this category is 7.2524¢ (increase of 5.0%) with a minimum payment amount of \$930 (increase of 5.0%). These parameters will apply to 4058 or 26.58% of the City's rateable properties.

Commercial & Industrial

The location of both the Perth Airport and the Kewdale Freight Terminal has encouraged industry to locate within the City of Belmont. This results in large volumes of heavy traffic within the City and therefore an accelerated deterioration of roads which is a major factor in the differential categories and their respective rates and minimum payments (i.e. with Industrial sectors having a slightly higher rate in the dollar and minimum payment than Commercial sector).

Both the Commercial and Industrial sectors also require greater resourcing and expenditure from Council on services such as Health, Building and Town Planning. The differential rates and minimum payments reflect the levels of costs and resourcing required to service each sector of the community.

Council is also mindful of the employment opportunities generated by both sectors and therefore, keeps the differential as reasonable as possible.

Council also recognises that the Commercial and Industrial sectors form an integral part of the City's rate base and therefore uses the City of Opportunity Marketing Strategy to support and promote both sectors.

The objective of these differential rate categories 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 for the commercial category is 7.6259¢ (increase of 5.0%) with a minimum

payment amount of \$1,095 (increase of 5.0%). These parameters will apply to 151 or 14.69% of the City's rateable properties.

The proposed rate in the dollar for the industrial category is 7.6622¢ (increase of 5.0%) with a minimum payment amount of \$1,115 (increase of 5.0%). These parameters will apply to 8 or 1.69% of the City's rateable properties.

Council will continue to compare its rates in the dollar and minimum payments with other neighbouring local governments for benchmarking purposes.

Are there other charges?

The Waste Management Service Charge for residential, commercial and industrial properties using the service will be \$320.50 for 2023-24. This charge is calculated on a full cost recovery basis.

The Swimming Pool Levy for 2023-24 will increase to \$29.50 per swimming pool. This charge is calculated on a full cost recovery basis. All funds raised by the levy will go towards the inspection of 1,294 swimming pools in Belmont as required by legislation.

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. At the time of preparing this document, DFES had not yet indicated their intentions in relation to ESL charges for 2023-24.



Payment options

Payment options include payment in full within 35 days from the date of issue as shown on your rate notice, payment over two instalments, or payment over four instalments. Administration charges for instalment options are \$20, with an additional 5.5% instalment interest charge the 4 instalment option.

The City also provides the opportunity for ratepayers to make weekly, fortnightly, monthly direct debit payments for both outstanding and prepaid amounts. The outstanding Direct Debit option attracts a once off administration fee of \$20.

The City is one of only a few councils to offer a discount where payment is made in full by the due date. This 5% discount applies to the rates portion of your account where rates are paid as one instalment by the due date.

Interest is levied on Council imposed rates and charges where payment in full or instalment payments are not received within their respective due dates. The penalty rate will remain at 7%.



Submissions

Section 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.

All submissions are required to be made by 4pm on Friday, 2 June 2023.

A report will be prepared on submissions, if any, and present to the Council Meeting on Tuesday, 27 June 2023.

Enquiries by telephone to 08 9477 7222 or email rates@belmont.wa.gov.au



BELMONT

CITY OF OPPORTUNITY

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