



City of Canning

A welcoming and thriving city

RATING STRATEGY 2018 - 2023

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This strategy establishes a framework by which a fair and equitable share of rates and charges are paid by property owners, for the services and infrastructure within the City of Canning. It also considers the current and future funding requirements required to meet the specific needs of certain areas within the City, as well as the long term plans and aspirations of the council and community.

It does not determine how much ratepayers must contribute. This is a Council decision, determined each year as part of the Annual Budget process.

A rating strategy establishes a framework which addresses the following key elements:

a) That the basis of valuation for rating purposes continues to be Gross Rental Value.

** Landgate values all properties in the State to complete what is known as a general valuation under the provisions of the Valuation of Land Act (1978). There is only a very small area of urban farmland remaining within the City of Canning boundaries, which does not justify the use of the Unimproved Valuation basis.*

b) To maintain transparency and consistency each year in annual rating.

** The City of Canning charges separately for rates, waste and security, plus State Emergency Services Levy (ESL).*

**Enabling the use of differential rating is considered a means to achieve greater uniformity in annual rate revenues across property types, being subject to fluctuations in their triennial gross rental valuation reviews.*

c) To provide specific funding towards specific services and infrastructure project needs.

**The use of service charges and specified area rating supports funding requirements for future major projects.*

d) The revenue required to support properties which are exempt from rates.

**Rating exempt properties still access and enjoy the benefits of City provided infrastructure and services*

e) That electronic communication methods are more efficient and effective.

**A sustainable, cost effective and digital City of Canning*



1 RATING

1.1 Rate in the Dollar

The City's rate in the dollar (single or differential) will be determined each year through the Annual Budget process. It is calculated to meet annual requirements for revenue raising as guided within the context of the City's Long Term Financial Plan 2017-2027. It will be re-evaluated following the triennial revaluation of properties by the Valuer General, adjusted according to the overall value of the properties being rated.

1.2 Differential Rating

Section 6.33 of the *Local Government Act 1995* provides local governments with the option of implementing differential rates. The City's rating will be based on the combination of the following characteristics;

- Land use
**Two categories of land use being residential and non-residential.*

- Improved or unimproved land, or
** Vacant land does not contribute to the amenity of an area.*

Clear objects and reasons for the use of any differential rating must be communicated through the Annual Budget process.

The City may consider the establishment of the following differential rate charges;

1.2.1 Residential Improved Land

This incorporates residential single dwellings, duplex, multi-unit, strata and Homeswest improved properties.

- * To ensure that the proportion of total rate revenue derived from Residential properties remains essentially consistent with previous years and also includes the ongoing maintenance and service provision of the City's assets and services primarily used by residential ratepayers. This will ensure a reasonable contribution to the cost of local government services and facilities available to residents.*

1.2.2 Non-Residential Improved Land

This incorporates all light industry, general industry, commercial, mixed use, service commercial, centre, local centre and district centre properties.

- * The positive differential rate for non-residential improved land is proposed in order to fund the additional costs of servicing these types of properties. Commercial premises generate higher volumes of pedestrian and traffic movements than residential properties which results in increased road and streetscape maintenance requirements, additional on street parking needs and the requirement to install additional traffic treatments. Due to the increased*

presence of litter surrounding commercial and industrial land the City is also required to provide additional litter collection services to these areas. Patrons and employees of commercial and industrial premises are consumers of municipal services but unless they are also property owners within the City, are not contributing to the cost of services used by them in the City of Canning. This will also ensure rates revenue from Industrial and Commercial properties remains essentially consistent with previous years.

1.2.3 Vacant Land (Residential / Non Residential)

The City may implement differential rating based on whether the land is improved or unimproved under S6.33 1(c).

** A positive differential rate for unimproved land is proposed in order to recognise the additional costs of servicing these types of properties. Vacant properties are more likely to be the sites of illegal dumping and in some cases can become overgrown and unkempt, or become places of antisocial behaviour. Additional street cleaning and gully educting is also required due to sand and debris originating from vacant land spreading onto the roads and gutters. The above requires the allocation of City resources over and above that required for residential improved properties. To promote development, setting a higher rate for vacant properties acts towards stimulating growth and development in the economy.*

1.3 Objects and Reasons

The Department of Local Government has documented key values for the Minister to consider when determining applications for Differential Rating being;

- Objectivity

This is the process of using zoning and land use as a basis for a different rate in the dollar and where the local government has proposed a differential at twice the lowest differential rate.

- Fairness & Equity

The Council has reviewed its expenditure and considered efficiency measures as part of the budget process. The City is required to have a publicly available document with clearly defined objects and reasons for implementation of each new rate or higher yield.

- Consistency

To satisfy the consistency objective, strategic plans such as the corporate business plan and long term financial plan for example should be in alignment. The local government is to rate similar properties in the same manner and to consider the proposed rates in neighbouring Councils.

- Transparency and efficiency

The local government is to prepare and make publically available a notice describing the object of and reason for each differential and advertise a period for submissions. The notice is to be published in a newspaper and placed on Council notice boards. The council is to consider all submissions and must provide the Minister with the minutes and agenda papers when resolving to implement a differential rate.

1.4 The Application of a Minimum Rate

The *Local Government Act 1995* allows councils to impose a minimum rate, which may not apply to more than 50% of rateable properties. The effect is to increase the rates payable by lower valued properties so that every ratepayer makes a minimum contribution to the cost of the services provided.

1.5 Specified Area Rating

Section 6.37 of the *Local Government Act 1995* provides local governments with the option of implementing specified area rates for the purpose of meeting the cost of specific works, services or facilities within that area. An additional charge would provide funding towards;

- Major infrastructure projects and the repayment of specific loans
- Rejuvenating local and neighbourhood precincts
- The implementation of strategies which improve City amenity and our communities standard of living
- Meeting established higher service levels or specific local community needs as identified

1.5.1 Existing Use of Specified Area Rating

A specified area rate exists for the Canning Vale Public Open Space Maintenance. The Canning Vale (Livingstone, Waratah and Ranford) Estate ratepayers are additionally rated to meet additional servicing costs of maintaining the areas of public open space and streetscapes to a higher standard, which were fully developed and initially provided at the expense of the respective subdividers. This maintains the level of public open space development at the established standards.

1.5.2 Future Specified Area Rating

The use of specified area rate charges as a strategy to support funding future improvements at City activity locations, will address;

- Infrastructure development
- Improved urban amenity and form
- Improved pedestrian accessibility and cycle ways connectivity
- Car parking at and around activity centres
- Improved residential density around public transport nodes
- The need to provide social spaces in activities centres for their continued success

It is not necessary that the amount raised from specified area rates fully meet the cost of the overall improvements. Specified area rating may be used to meet annual repayment of loan funding.

Clear objects and reasons for the use of specified area rating must be communicated through the Annual Budget process.

1.5.2.1 Strategy and Plan Implementation

Council has adopted several strategies which support the overall objectives of the [Strategic Community Plan](#). Together these will shape the City's future direction, priorities and service

delivery. Major city wide projects or local area initiatives may be supplementary funded through the use of specified area rating in addition to annual rating charges.

1.6 The Application of a Service Charge

The City may impose a fixed charge on every property in its area, where its considered that everyone benefits from the services and infrastructure provided and that everyone should make a contribution to the cost of provision. Service charges will be applied for;

- a. property surveillance and security;
- b. underground power;

1.6.1 Property Surveillance and Security Service Charge

A 24 hour property surveillance and security service is provided throughout the City. It is considered appropriate to separately identify this charge to ratepayers. The annual charge is to meet all operational and capital expenditure requirements and any surplus or deficit to be taken to reserve at year end.

1.6.2 Underground Power

In collaboration with Western Power, the City will continue to undertake the undergrounding of power projects for suburban areas. For State and City endorsed projects, ratepayers may meet scheme costs through either in full upfront payment, or via annual loan instalment charges. These loan funds are borrowed at fixed terms to provide certainty on the property's behalf. There is no provision for earlier repayment or discounted payout.

1.7 Rubbish Removal Fee

A waste service charge for the removal of rubbish, recycling and verge collection is provided to residential ratepayers throughout the City. It is considered appropriate to separately identify this charge to ratepayers. The annual charge is to meet all operational and capital expenditure requirements and any surplus or deficit to be taken to reserve at year end.

1.8 Emergency Services Levy

This City is obligated to charge and collect this Western Australian State Government imposed rate.

1.9 Rate Exempt Properties

To address the inequity in rate exempt properties not paying for having equal access to community infrastructure, the City may adjust their waste service charges.

1.10 Rates Notification

There are near 38,000 rateable property assessments within the City that are issued with a rates notice annually. Approximately half of all ratepayers elect to pay their rates by instalment, requiring the issue of three further reminder notices.

Digital notices were established for 2016/2017 rating year. Ratepayers may elect to have their notice emailed or received through online banking (via BPay View), avoiding the use of paper and postage, which aligns with the City's Sustainability Policy.

It is now common place for banks, utility service providers and other government agencies to interact via digital channels with their customers.

Despite campaigns and advertising promotions to encourage the switch to eRates (emailed rate notifications) the take up remains at a low 4,000 of 38,000 ratepayers. This is despite the majority of ratepayers paying via online banking.

Annually, the City spends \$170,000 on its printing and postage of rate notices.

The City is considering implementing a cost recovery fee for postage and handling of its rate notices. The fee would be waived for pensioners and all ratepayers receiving the rates notice by email or online banking. Currently under legislation, the first rates notice is required to be posted and only instalment notices could be considered for cost recovery.

1.11 Seniors and Pensioners

The City will maintain its support for eligible pensioners and seniors as follows;

- Discounted residential waste service charge
- No interest charges on rate instalments
- No user pay fees for hard copy ratepayer communications

1.12 The Payment of Rates

1.12.1 Interest Charges

Discounts for the early payment of rates and charges are considered an unfair advantage to those with the financial capacity to do so above other ratepayers. It is administratively onerous.

Interest charges on rates paid by instalment are considered appropriate in recompense for the City's foregone investment earnings. An instalment interest charge as opposed to a fixed fee equalises the benefit available across all ratepayers, who elect to pay their rates by instalments. A set rate of 3.25% is the equivalent of the former \$15.00 administration charge for interest otherwise payable by an average City of Canning residential property (*assumed \$20,198 GRV) paying their rates through instalments. Eligible pensioners and seniors are exempt from this charge.

1.12.2 Difficulties / Financial Hardship

Ratepayers who are experiencing difficulty in paying their rates should contact the City immediately on 1300 422 664 to discuss payment options. All enquiries are treated confidentially, and early communication may help prevent the commencement of costly legal action for the recovery of outstanding rates. Payment arrangements by direct debit will be entered into. Rates and charges may not remain outstanding for more than three years.

In the event that rates and charges become overdue, the City will issue an overdue final notice which includes interest charges. If the account remains unpaid the City may take legal action. This may include the selling of the property by way of s.181 *Local Government Act* proceedings. All fees and court costs are recoverable from the ratepayer.