

Statement of Objects and Reasons for the 2021/22 Differential Rates

In accordance with the provisions of Section 6.33 and 6.36 of the *Local Government Act 1995* (the **Act**), the Town of Bassendean has implemented differential rates and minimum payments on various categories of properties within the Town for 2021/22, as adopted by Special Council Meeting on 29 July 2021.

This paper details the Objects and Reasons for the implementation.

Rates are a primary source of revenue for the Town and are levied each financial year on all ratepayers in a manner that is considered to be fair and equitable so as to meet the Town's annual budget commitments.

Rates are levied on all rateable properties within the boundaries of the Town Municipality in accordance with the Act. The overall objective of the rates for the 2021-22 Annual Budget is to provide for the net (i.e. after taking into account all other forms of revenue) funding requirements of the Town's services, activities, operational expenditure and current and future capital requirements, as outlined in the Town's Strategic Community Plan, Corporate Business Plan and Long Term Financial Plan.

The rates in the dollar will be applied on the general valuation as supplied by the Valuer General in respect of Gross Rental Values (**GRV**) effective from 1 July 2021, as amended by any interim valuations received subsequent to that date.

If land is undeveloped, a statutory valuation of three per cent of the unimproved value for residential properties and five per cent for commercial and industrial properties is applied by the Valuer General to determine the GRV.

Taking into account the Town's strategic community, corporate business plans and operational and capital requirements, a general rate increase of 1.4 per cent was adopted by Council on the general rate in the dollar and the minimum payment is proposed to be held at its 2020/21 amount of \$1,106.

For all vacant land, a new differential rate of 12.6593 cents in the dollar was adopted by Council, being a premium of 50 per cent over the general rate in the dollar.

Differential Rate Categories

Section 6.33 of the Act sets out the basis on which differential general rates may be based and states (in part):

- (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.
- (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.

Section 6.35 of the Act sets out the basis on which minimum payments may be based and states:

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- (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) 50% of the total number of separately rated properties in the district; or
 - (b) 50% of the number of properties in each category referred to in subsection (6), on which a minimum payment is imposed.
- (4) 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.
- (5) 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.
- (6) 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;
 - (b) to land rated on unimproved value; and
 - (c) to each differential rating category where a differential general rate is imposed.

The proposed rate in the dollar and minimum payment for each differential rating category is:

Rating Category	Rate in Dollar	Minimum Payment
Improved – Residential, Commercial and Industrial (GRV)	8.4395	\$1,106
Vacant Land – Residential, Commercial and Industrial (GRV)	12.6593	\$1,106

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Following are the objects and reasons for each of the differential rates:-

Improved – Residential, Commercial and Industrial Category (GRV)

CHARACTERISTICS

The Improved – Residential, Commercial and Industrial differential general rate applies to land valued on a GRV basis, which is zoned or held under the Town Planning Scheme for the purpose of residential, commercial or industrial use and has an improvement erected on it.

PROPOSED OBJECTS AND REASONS

The object of this rate category is to apply a base differential general rate to land zoned and used for residential, commercial and industrial purposes and to act as the Town's benchmark differential rate by which other GRV rates properties are assessed. The purpose of which is to ensure that all ratepayers make a reasonable contribution towards the ongoing maintenance and provision of works, services and facilities throughout the Town.

The proposed rate in the dollar for this category is 8.4395 cents, with a minimum payment of \$1,106. This will apply to 7,131 properties or 97.1 per cent of the Town's rateable properties.

Vacant Land – Residential, Commercial and Industrial (GRV)

CHARACTERISTICS

The Vacant Land – Residential, Commercial and Industrial differential general rate applies to land valued on a GRV basis, which is zoned or held under the Town Planning Scheme for the purpose of residential, commercial or industrial and is vacant land.

PROPOSED OBJECTS AND REASONS

The object of this rate category is to impose a higher differential general rate to vacant land within the Town. The purpose of which is to encourage development, as the Town considers the development of all vacant rateable land to be in the best interests of the community, to stimulate growth and development and improve the vibrancy of the Town.

The proposed rate in the dollar for this category is 12.6593 cents, with a minimum payment of \$1,106. This will apply to 218 properties or 2.9 per cent of the Town's rateable properties.

Objects for minimum rating

Rates are calculated by multiplying a property's assessed GRV by the adopted rate in the dollar. However, Council can apply a minimum rate, which recognises that all ratepayers have an equal opportunity to enjoy the facilities and services provided by Council, regardless of the value of their property.