



# Ordinary Council Meeting 22/06/21

Item 12.9 refers

## Attachment 19

**Statement of Objectives and  
Reasons for Each Differential and  
Minimum Payment**

## STATEMENT OF OBJECTIVES AND REASONS FOR EACH DIFFERENTIAL AND MINIMUM PAYMENT

The *Local Government Act 1995* (the Act) requires Councils utilising differential rates and minimum payments to advertise these rates prior to adopting the budget. A minimum submission period of 21 days must be allowed following which all submissions must be considered by Council.

The Council is not obliged to change its differential or minimum payments as a result of the submissions but may change the rates as a result of the submissions, without the need for further advertisement.

The requirement to advertise differential rates remains, even if there is no change in the rates or relativities compared with the previous year.

<b>DIFFERENTIAL RATING</b>				
<b>Rate Category</b>	<b>Rate in Dollar 2020-2021</b>	<b>Relativity to Residential Rate</b>	<b>Rate in Dollar 2021-2022</b>	<b>Relativity to Residential Rate</b>
Residential	6.5585	1.0000	6.6733	1.0000
Commercial	6.9271	1.0562	7.0483	1.0562
Industrial	6.9459	1.05907	7.0675	1.05907

Gross Rental Values (GRV's) are used as the basis for rate calculations. GRV's are revalued on a triennial basis and there has not been a revaluation undertaken in relation to the 2021-2022 rating (financial) year. The only change that has been required is an amendment to the rate in the dollar and minimum payments with an increase of 1.75% in line with the forecasted Consumer Price Index (CPI).

The Act empowers a Council to impose different rates in the dollar for different land zoning's or uses and different rates for improved or vacant land. This power is provided to help local governments with particular rating difficulties and to achieve a better rating equity between different land uses. Section 6.33 of the Act states:-

“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 town 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.”

The City of Belmont has adopted the combination of characteristics relating to land zoned under the Town Planning Scheme and the purpose for which the land is held or used. It should be noted, that where, during the rating year, land is rezoned or its use changes, the Council cannot issue an amended rate notice reflecting that change until the new rating year.

<b>MINIMUM PAYMENTS</b>		
<b>Rate Category</b>	<b>2020-2021 Minimum</b>	<b>2021-2022 Minimum</b>
Residential	\$840	\$855
Commercial	\$990	\$1,005
Industrial	\$1,010	\$1,025

The minimum payments for 2021-2022 have again been set to ensure the minimum level of service required is adequately funded. Minimum payments serve other key purposes in relation to encouraging owners of vacant land to develop the site for whichever purpose it is zoned. This process further complements the State Government initiative of promoting urban infill and arresting the urban sprawl that burdens the State's ability to provide Infrastructure Assets.

Minimum payments have also increased consistently with increases in the rate in the dollar although it should be noted that minimum payments are rounded to the nearest \$5.

A local government can only, in accordance with the Act, raise a maximum of 50% of its rate revenue from minimum payments. For the 2021-2022 financial year 26.88% of residential properties, 17.95% of commercial properties and 1.91% of industrial properties will be rated on the minimum payment (2020-2021: 27.48%, 17.97% and 1.91% respectively). This equates to 25.87% of all rated properties being charged the minimum payment (2020-2021: 26.40%).

## **RESIDENTIAL RATE**

The residential rate forms the basis of the differential rates relativities. The relativities are in place to provide Council with the flexibility to address any shifts from one rating category to another that it considers is too severe and should be phased in, or to recognise a differing level of service required by a particular rating category.

Council is committed to increasing the residential rates base resulting in considerable growth that in turn more evenly distributes the overheads of maintaining the infrastructure of the City. There are continuing positive signs of redevelopment under the current Local Planning Scheme that have resulted in healthy growth that should continue into the foreseeable future.

## **COMMERCIAL AND INDUSTRIAL RATES**

The location of both the airport and the rail 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 differentials and their respective rates and minimum payments (i.e. with Industrial having a slightly higher rate in the dollar and minimum payment than Commercial).

Both the Commercial and Industrial sectors also require greater resourcing and expenditure from Council on services such as Health, Building and Town Planning. So 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 of these sectors.

Council will continue to benchmark its rates in the dollar and minimum payments with other neighbouring local governments to ensure that some equity is retained within the region.