

STATEMENT OF OBJECTIVES AND REASONS FOR EACH DIFFERENTIAL AND MINIMUM PAYMENT

The Local Government Act was amended in December 1994 to require 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.

DIFFERENTIAL RATING				
Rate Category	Rate in Dollar 2019-2020	Relativity to Residential Rate	Rate in Dollar 2020-2021	Relativity to Residential Rate
Residential	5.3341	1.0000	6.5585	1.0000
Commercial	6.2718	1.1758	6.9271	1.0562
Industrial	6.2889	1.1790	6.9459	1.05907

Gross Rental Values (GRV's) are used as the basis for rate calculations. There has been a revaluation undertaken in relation to the 2020-2021 rating (financial) year and all three categories have fallen by 19.0%, 9.4% and 9.5% for Residential, Commercial and Industrial respectively. To ensure each category contributes rates consistently with 2019-2020 the differential ratios were also modified.

This achieves a rate yield of 0% overall but the rate levy may vary from one property to another as the GRV's are revalued individually rather than collectively. The movement in the GRV of an individual property will impact on the rate increase or decrease. The change in rates charged by individual property as compared to 2019-2020 will be less the closer the GRV movement is to the average GRV within the property's respective category.

The Local Government 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 Local Government Act 1995 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*;
- (b) a 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.”

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.

Rate Category	MINIMUM PAYMENTS	
	2019-2020 Minimum	2020-2021 Minimum
Residential	\$840	\$840
Commercial	\$990	\$990
Industrial	\$1,010	\$1,010

The minimum payments for 2020-2021 have again been set to ensure the minimum level of service required is adequately funded and are consistent with the 0% change in rate yield remaining in line with 2019-2020 minimum payments. 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.

A local government can only, in accordance with the Local Government Act, raise a maximum of 50% of its rate revenue from minimum payments. For the 2020-2021 financial year 27.48% of residential properties, 17.97% of commercial properties and 1.91% of industrial properties will be rated on the minimum payment (2019-2020: 24.98%, 16.38% and 1.68% respectively). This equates to 26.40% of all rated properties being charged the minimum payment (2019-2020: 23.95%).

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 Rate base through its City of Opportunity Marketing Strategy. This has resulted in considerable growth that is broadening the base and in turn, evenly distributing 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.