

# Differential Rating Categories – Statement of Objects and Reasons

Section 6.33 of the *Local Government Act 1995* empowers a Council to impose different rates in the dollar for different land zonings or uses and different rates for improved or vacant land. This power is provided to help local governments achieve a better rating equity between different land uses.

The City of Bayswater had a general rate (0.07194) and minimum payment (\$1,101.50) for all properties during the 2023/24 financial year. The minimum payment and rate in the dollar for each rating category, and objects and reasons for the 2024/25 financial year are provided below.

<b>Differential Category based on Gross Rental Value (GRV)</b>	<b>Rate in the Dollar (\$)</b>	<b>Minimum Payment (\$)</b>
Residential (Improved)	0.074674	1,143.40
Commercial/Industrial (Improved)	0.077288	1,183.40
Residential - Vacant	0.085875	1,314.90
Commercial/Industrial - Vacant	0.097076	1,486.40

## Minimum Payments

The minimum payments are set to ensure the minimum level of service required is adequately funded and are consistent with the differential ratios used for setting the rate in the dollar. The reasons and objects noted below for the different categories are reflected in the ratios set for both the minimum payments and the rate in the dollar.

## Residential - Improved

The object of this rating category is to apply a base differential rate to all improved land zoned residential and used for residential purposes. This supports the differential rates process in ensuring all property owners contribute equitably to the operations of the City, with the base rate allowing for residential property owners to contribute less than the other categories for the reasons provided below.

## **Commercial/Industrial - Improved**

The object of this rating category is to ensure those properties zoned and used for commercial or industrial purposes contribute equitably to the operations of the City by applying a higher differential rate. The additional rates revenue is sourced to offset the higher costs associated with servicing those infrastructure assets in commercial and industrial areas. It also reflects the inner City location and amenity to support a metropolitan Activity Centre and significant State investment in the area that positions it as a prime location.

## **Residential – Vacant**

The object of this rating category is to impose a higher differential rate on residential vacant land. The reason is to encourage owners of vacant land to develop, which is in the best interests of residents and commercial businesses residing within the City and considers the significant housing shortfall in the metropolitan area.

## **Commercial/Industrial - Vacant**

The object of this rating category is to impose a higher differential rate on commercial or industrial vacant land. The reason is that vacant commercial or industrial land has a more significant adverse impact on residents and commercial businesses residing within the City by minimising the economic potential of the area. Development is encouraged to reflect the inner City location and amenity to support a metropolitan Activity Centre and significant State investment in the area that positions it as a prime location. This will also help offset the additional costs associated in servicing infrastructure assets in commercial and industrial areas.

## **Changes following public submission period**

*Following the Ordinary Council Meeting held on 28 May 2024 changes were made to the differential rates categories based on GRV. Prior to the adoption of changes the Residential (Improved) rate in the dollar was 0.074429 and minimum payment \$1,139.60, the Commercial/Industrial (Improved) rate in the dollar was 0.078150 and minimum payment \$1,196.60, Residential – Vacant rate in the dollar was 0.085593 and minimum payment \$1,310.50 and the Commercial/ Industrial – vacant rate in the dollar was 0.096758 and minimum payment \$1,481.50. Although the majority of submissions were supportive of differential rates, the majority of those not supporting differential rates cited the impact on commercial business. For this reason the rate in the dollar and minimum payment for Commercial/Industrial (Improved) was reduced with the ratio compared to Residential (Improved) decreasing from 1.05 to 1.035. This was offset by a minor increase to the rate in the dollar and minimum payments to the other differential categories.*