

Differential Rating Categories - Statement of Objects and Reasons

Section 6.36 of the *Local Government Act 1995* 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. Information regarding submissions is included in the advertisement to levy differential rates, which is available through public notice, including on the City's website.

Section 6.33 of the *Local Government Act 1995* 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 achieve a better rating equity between different land uses.

The City of Bayswater has applied a 3.50% increase to all differential rating categories as part of the proposed 2025/26 budget. The minimum payment and rate in the dollar for each rating category, and objects and reasons for the 2025/26 financial year are provided below.

Differential Category based on GRV	2024-25		2025-26	
	Rate in the Dollar	Minimum Payment	Rate in the Dollar	Minimum Payment
Residential (Improved)	\$ 0.074674	\$ 1,143.40	\$ 0.077288	\$ 1,183.40
Commercial/Industrial (Improved)	0.077288	1,183.40	0.079993	1,224.80
Residential - Vacant	0.085875	1,314.90	0.088881	1,360.90
Commercial/Industrial - Vacant	0.097076	1486.40	0.100474	1538.40

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 ratio's set for both the minimum payments and the rate in the dollar.

- **Residential - Improved**

The object of this rate 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 the contribute less than the other categories for the reasons provided below.

- **Commercial/Industrial - Improved**

The object of this rate category is to ensure those property's 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 into the area that positions this prime location.

- **Residential – Vacant**

The object of this rate 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 rate category is to impose a higher differential rate on commercial vacant land. The reason is that vacant commercial 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 into the area that positions this prime location. This will also help offset the additional costs associated in servicing infrastructure assets in commercial and industrial areas.