

Statement of Objects and Reasons for the Proposed Differential General Rates for 2024/25

In accordance with the provisions of Section 6.33 and 6.36 of the *Local Government Act 1995* (the **Act**), the Town of Bassendean proposes to impose differential general rates and minimum payments on various categories of properties within the Town for 2024/25 (“Differential Rates”).

This Statement details the Objects and Reasons for the proposed Differential Rates.

Rates are a primary source of revenue for the Town and are levied each financial year on all ratepayers in a manner that is 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 2024/25 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 Council Plan, Long Term Financial Plan, and Strategic Budget Policy.

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 2023, as amended by any interim valuations received subsequent to that date.

At a Special Council Meeting on 21 May 2024, Council endorsed a general rate increase of 5.63 per cent, which would require a residential rate in the dollar of 8.1758 cents.

For all commercial and industrial properties, Council endorsed a rate in the dollar of 9.4021 cents.

For all vacant land, Council endorsed a rate in the dollar of 12.2636 cents.

No increase to the minimum payment is proposed and it will remain at \$1,183.00. The minimum payment applies to all three differential rate categories.

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 in Cents	Minimum Payment (\$)
Improved – Residential	8.1758	1,183
Improved – Commercial and Industrial (GRV)	9.4021	1,183
Vacant Land – Residential, Commercial and Industrial (GRV)	12.2636	1,183

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

Improved – Residential (GRV)

CHARACTERISTICS

The Improved – Residential 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 use and has an improvement erected on it.

OBJECTS AND REASONS

The object of this rate category is to apply a base differential general rate to land zoned and used for residential purposes and to act as the Town's benchmark differential rate by which other GRV rated properties are assessed. The reason 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 8.1758 cents, with a minimum payment of \$1,183.00. This will apply to 6,833 properties or 92 per cent of the Town's rateable properties.

Improved –Commercial and Industrial Category (GRV)

CHARACTERISTICS

The Improved – 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 commercial or industrial use and has an improvement erected on it.

OBJECTS AND REASONS

The object of this rate category is to apply a higher differential general rate to land zoned and used for commercial and industrial purposes. The reason is to raise additional revenue to meet the higher level of service costs associated with commercial and industrial properties and the localities within which they are situated. Higher service costs typically include costs associated with increased maintenance and renewal of assets and infrastructure.

The proposed rate in the dollar for this category is 9.4021 cents, with a minimum payment of \$1,183.00. This will apply to 367 properties or 5 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.

OBJECTS AND REASONS

The object of this rate category is to impose a higher differential general rate on vacant land within the Town. The reason is to encourage development, as the Town considers the development of all vacant rateable land

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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 12.2636 cents, with a minimum payment of \$1,183.00. This will apply to 216 properties or 3 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, the Council can apply a minimum rate, which recognises that all ratepayers have an equal opportunity to enjoy the facilities and services provided by the Council, regardless of the value of their property.