

2025-2026 Budget

Objects and Reasons for Differential Rates

The following Objects and Reasons are provided in accordance with Section 6.36 of the *Local Government Act 1995* (The Act) and the City's *Notice of Intention to Levy Differential Rates* for the 2025-2026 Financial Year on various categories of properties within the City. This paper details the Objects and Reasons for those proposals.

Rates

Rates are levied on all rateable properties within the boundaries of the City of Melville Municipality in accordance with the Act. The overall objective of the proposed rates and charges in the 2025-2026 Budget is to provide for the net (i.e. after taking into account all other forms of revenue and expenditure) funding requirements of the City's services, activities, financing costs and the current and future capital requirements of the City as outlined in the City's Corporate Business Plan and Long Term Financial Plan which is termed by the Act to be the budget deficiency to be made up by way of Rates.

Rates in Respect to Residential Improved/Unimproved Land

Residential Land incorporates all residential, Department of Housing, strata, duplex and multi-unit improved properties that are zoned for residential and vacant purposes.

The rate in the dollar set for this category will be 7.654765 cents in the dollar. The minimum rates set for this category will be \$1,498.97.

Basis for Differential Rates in Respect to Commercial Improved/Unimproved Land

Commercial Land incorporates commercial, industrial, service stations, hotel/ taverns, strata storage units, hospitals and vacant commercial land.

The rate in the dollar set for this category will be 9.430704 cents in the dollar. The minimum rates set for this category will be \$1,215.31.

The positive differential rate for commercial land is proposed in order to fund the additional costs of servicing these types of properties. Commercial premises generate higher volumes of pedestrian and traffic movements than residential properties and this results in increased road and streetscape maintenance requirements, additional on-street parking needs and the requirement to install additional traffic treatments. Due to the increased presence of litter surrounding commercial and industrial land the City is also required to provide additional litter collection services to these areas. Patrons and employees of commercial and industrial premises are consumers of municipal services but unless they are also property owners within the City, are not contributing to the cost of services used by them in the City of Melville.

Valuations

The rates in the dollar will be based on the *general valuation* as supplied by the Valuer General (VG) in respect of *gross rental values* (GRVs) effective from 1 July 2023 and as amended by *any interim valuations* received subsequent to that date.

Differential Rate categories

The Act states in Section 6.32. *Rates and service charges* that

- 1) When adopting the annual budget, a local government —
 - a) in order to make up the budget deficiency, is to impose a general rate on rateable land within its district, which rate may be imposed either —
 - (i) uniformly; or
 - (ii) differentially;
 - b) may impose on rateable land within its district —
 - (i) a specified area rate; or
 - (ii) a minimum payment; and
 - c) may impose a service charge on land within its district

The City intends to establish the following differential rate categories:

- Residential Improved/Unimproved Land - incorporates residential single dwellings, duplex, multi unit, strata and Department of Housing properties and residential vacant land.
- Commercial Improved/Unimproved Land - incorporates all commercial, industrial, service stations, hotel/taverns, strata storage units, hospitals and commercial vacant land.
- Minimum Rate in respect to Residential Improved/Unimproved Land.
- Minimum Rate in respect to Commercial Improved/Unimproved Land.

The Act sets out the basis on which differential general rates may be based as follows

6.33. Differential general rates

- 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.
- 2) Regulations may —
 - a) specify the characteristics under subsection (1) which a local government is to use; or
 - b) limit the characteristics under subsection (1) which a local government is permitted to use.
- 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.

:

- 4) If during a financial year, the characteristics of any land which form the basis for the imposition of a differential general rate have changed, the local government is not to, on account of that change, amend the assessment of rates payable on that land in respect of that financial year but this subsection does not apply in any case where section 6.40(1) (a) applies.
- 5) A differential general rate that a local government purported to impose under this Act before the *Local Government Amendment Act 2009* section 39(1) (a) came into operation is to be taken to have been as valid as if the amendment made by that paragraph had been made before the purported imposition of that rate.