

## **OBJECTS OF DIFFERENTIAL RATES**

The 2020/21 draft budget has been prepared on the premise of a 0% rate yield increase. This means that the total amount of rates collected in 2020/21 will be approximately the same amount that the City collected in 2019/20.

It is important to note that a 0% rate yield increase does not necessarily mean that each rate payer will receive the same rates bill as the previous year. This will be particularly relevant in 2020/21 as the City of Perth will apply new Gross Rental Values (GRVs) as part of a triennial process to redistribute the rating effort.

The new GRV's are effective from 1 July 2020. The GRV's have been determined on the valuation date of 1 August 2018.

The City of Perth imposes differential rates under the provisions of Section 6.33 of the Local Government Act 1995 on all rateable land within the City according to the predominant purpose for which the land is held or used, as determined by the City. The objects and reasons for the imposition of each differential general rate are:

### **Residential**

The Residential category relates to land where the predominant purpose for which the land is held or used is residential single use or multi dwellings. The purpose of this differential rate is to ensure that all ratepayers in this category make an equitable contribution to the City's revenue.

The objective of the proposed rate in the dollar of 6.45000 cents, is to ensure that the proportion of total rates revenue derived from Residential properties represents an equitable contribution towards service provision and for the ongoing maintenance of the City's assets primarily used by residential ratepayers.

### **Commercial**

The Commercial classification relates to land where the predominant purpose for which the land is held or used is commercial in nature. The category includes wholesalers, warehouses, industrial, entertainment and sporting facilities. All these property assets have a common factor in being commercial operations with the object of attracting visitors and tourists to the City to contribute to city vitality. The City has set a rate for this sector at 6.47853 cents per dollar of GRV.

### **Hotel**

The Hotel classification relates to land where the predominant purpose for which the land is held or used is hotels, short-stay serviced apartments, hostels, board and lodging accommodation. The objective of the proposed rate in the dollar of 6.41214 cents, is to ensure that the proportion of total rates revenue derived from hotels and

accommodation type properties represents an equitable contribution towards service provision and for the ongoing maintenance of the City's assets.

### **Retail**

The Retail category includes retail sales and services. All these property assets have a common factor in being retail operations with the object of attracting visitors and tourists to the City for shopping and to contribute to city vitality. The City has set a rate for this sector at 6.47926 cents per dollar of GRV.

### **Office**

The Office category relates to land where the predominant purpose for which the land is held or used is as office accommodation. The purpose of this differential rate is to ensure that all ratepayers in this category make an equitable contribution to the City's revenue.

This category has historically had a lower rate in the dollar than other categories; acknowledging the challenge of responsibly balancing the prevailing business climate, occupancy levels and sustaining a thriving CBD. For 2020/21, the proposed rate in the dollar is 5.45000 cents.

### **Vacant Land**

The Vacant Land category relates to the limited stock of vacant land in the City. The proposed rate in the dollar for 2020/21 is 7.39961 cents in the dollar.

### **Minimum Rate**

For the 2020/21 year, the City is proposing a two-tiered approach to minimum rates. The minimum rate recognises that every rateable property in the City receives some level of benefit from the services and assets that the City provides.

A proposed minimum rate of \$800 will apply to the Commercial, Office and Vacant Land categories whilst a discounted minimum of \$750 is proposed for the Retail, Hotel & Residential property categories. The City has 10% of all properties levied at the minimum rate.