

2020-21 Rates

Frequently Asked Questions

My rates have increased from last year. Why?

Every three years, the State Government assesses the annual rental value that a property might reasonably be expected to earn if it were rented, including rates, taxes, insurance and other outgoings according to the economic market at the time. This assessment determines a gross rentable value, or GRV. The GRV of each property is then provided to the Town to calculate the rates, service charges and levies to be paid by property owners.

A decrease in the valuation of your property will mean the rate in the dollar will need to go up to calculate the same rates yield. The Town of Claremont Council has reduced the total rates yield for this year to minimise the impact on ratepayers, and keeping the rate in the dollar as low as possible.

While most ratepayers will see a reduction or very little change to their annual rates, a small number of properties (2.25%) will experience an increase in their rates compared to the 2019-20 financial year.

I thought Council approved no increase on rates this budget?

Council has introduced several initiatives to keep rates as low as possible, while still being able to maintain the full suite of services and facilities to the community. Council passed a resolution not to increase rates, fees or charges for the 2020-21 financial year. In addition, Council agreed to reduce the total rates yield sourced from rates to allow for this reduction to be passed on to rate payers. The triennial change to your GRV has meant that the rate in the dollar has been changed to balance these decreases.

The Town has also introduced a Financial Hardship Policy to support those ratepayers needing more time to pay their rates.

How does the Town calculate their rates?

In order to calculate the rates, the Town first determines the rate revenue required to provide its services. This will typically rise by the CPI each year. Then the Town applies a rate in the dollar which is multiplied by the GRV to generate the income required.

The equation for this is:

$$\text{Rate revenue (last year's revenue + CPI increase) = GRV x Town of Claremont rate}$$

The increase is usually around 1 to 2% in line with CPI, or to cover additional services, facilities, or major projects. As Council has agreed to freeze this figure this year and commit to no rates increase, it has been removed from the equation.

$$\text{Rate revenue (last year's revenue + ~~CPI increase~~) = GRV x Town of Claremont rate}$$

There is also a minimum rate payable. This is increased each year by approximately 1-2%. The Town has committed to not increase the minimum rates payment this year.

What is the interest on late payments?

This has been reduced from 11% to 8 %. Any payment plan arranged under the Financial Hardship Policy attracts a 0% interest rate.

What if I can't pay my rates?

We've introduced a Financial Hardship Policy for people who are unable to pay their rates in full in the 2020-21 financial year. This gives people who genuinely need it the opportunity to spread their rate payments over a five year period. For more information, contact the Town on 9285 4300 or email toc@claremont.wa.gov.au

Will the Town have a shortfall from this?

Yes. Like most organisations, the Town is already experiencing a shortfall in income due to the various phases of the government's lockdown. For the forthcoming financial year, there will be a shortfall in the Town's annual income. Our rate revenue is predicted to be over \$400,000 less than the current 2019-20 financial year.

This will continue to be a challenge for us as our income-generating activities are limited by the government's COVID-19 restrictions. In spite of this, we are determined to continue to provide an excellent service for our ratepayers, maintaining Claremont as one of Perth's most liveable suburbs.

What are our rates going towards this year?

Both the Federal and State Governments are pushing for local governments to fast forward major initiatives and capital projects that will assist in stimulating the local economy.

In line with this, the Town is allocating almost \$8million in 2020-21 for infrastructure projects, including:

- Redevelopment of McKenzie Pavilion
- Redevelopment of Freshwater Bay Museum
- New toilet block and car park at Mrs Herbert's Park
- Over \$820,000 in footpath replacements
- Almost \$1.7million in road works and improvements

How are you helping local business and the community?

We've allocated \$1million to support our local businesses and community by:

- Removing the Specific Area Rate (SAR) charge to town centre businesses, instead using the Town's reserve funds to continue to market and promote the town centre
- Funding SHINE Community Services to provide care and support for elderly and disabled residents
- Engaging and supporting our community through community development, activations, and grants
- Providing specific community support through our Claremont Cares program