



Shire of Wyndham East Kimberley

Council Policy Number: CP/FIN-3200

Strategic Rating Policy

OBJECTIVE:

To outline the principles and methodology used when exercising the Council's discretionary powers to determine the level and structure of rates levied under the Local Government Act 1995.

POLICY:

The Local Government Act 1995 provides the Council with defined discretionary powers to levy rates and require contributions from the community for the provision of services to the district.

GRV refers to Gross Rental Value as defined by the Act.

UV refers to Unimproved Value as defined by the Act.

1. RATING POLICY PRINCIPLES

In the development, maintenance and application of its rating structures the Council will consider the following five (5) rating principles (not necessarily listed in priority order).

1.1 Equity

Equity is the concept of fairness within property rating in that each ratepayer will be rated fairly in relation to other ratepayers with a similar capacity to pay and will pay a similar amount and those having a greater capacity to pay contributing more. In accordance with Act, the Council is required to use the ratepayer's property value as a proxy for the ratepayer's capacity to pay.

The Council will administer its rating policy fairly and equally to all ratepayers and seek to apply the policy in a timely way.

1.2. Capacity to Pay

The Council acknowledges there is not a direct relationship between a ratepayer's capacity to pay and their property value and may use its discretionary powers to approve concessions and waivers to compensate for any identified deficiencies.

The Council also recognises that, while there is a high level of community demand for services, there is a limited capacity for ratepayers to contribute to these services in rates and limitations on the level of rates property owners can be expected to contribute.

1.3. Simplicity and Efficiency

The Council will endeavour to establish a rating system that:

- Promotes simplicity, transparency and understanding; and
- Is efficient in collection and reduces the incidences of avoidance; and
- Reduces complexity; and
- is open to scrutiny.

1.4. Benefit

The Council acknowledges an obligation to return benefit to ratepayers for their rate contributions however this benefit may not be in direct proportion to the level of their contributions. Rate contributions will be used for the benefit of the District and are not a fee for service.

1.5. Compliance

The Council will apply its discretionary rating powers to comply with the Local Government Act 1995 while seeking to maximise rate revenue within the adopted rating framework.

2. APPLICATION OF RATING PRINCIPLES

2.1 Application of the Equity Principle

The Council generally considers the application of a uniform general rate (being the same rate in the dollar for each ratepayer) resulting in a ratepayer's contribution being determined by the value of their property as the most equitable rating structure. Uniform general rates will be applied unless a more equitable outcome is achieved by the adoption of differential rates.

Where the predominant use of the land (or a portion) is for rural purposes the Council will seek to have the land valued on a UV basis. Where the predominant use of the land (or a portion) is for non-rural purposes the Council will seek to have the land valued on a GRV basis.

The Council will determine the level of rate revenue required on an annual basis and seek sufficient revenue to provide for the good governance of the district and the provision of services as determined necessary.

The Council will establish and maintain a minimum payment structure to ensure all ratepayers contributes a minimum amount regardless of their property value.

The Council accepts the adoption of a minimum payment amount is an adjustment to a blanket application of the equity principle. This adjustment is made to ensure property owners make a reasonable contribution to non-exclusive services provided for the benefit of the whole district and also to encourage the development of vacant land.

2.2 Application of the Capacity to Pay Principle

2.2.1 Exemption from Rates

The Council requires organisations seeking exemption from rates in accordance with section 6.26 of the Act to make application in accordance with the application form attached to this policy. These properties are to be reviewed every three years for continued eligibility.

2.2.2 Pensioners

The Council will provide concessions to Pensioners in accordance with the requirements of the Rates and Charges (Rebates and Deferments) Act 1992.

2.2.3 Not-for-profit Community Groups

The Council will accept applications from not-for-profit Community Groups within the District and consider granting a waiver or concession of rates annually in accordance with its discretionary powers provided by Section 6.47 of the Act.

Any rate waivers or concessions for the next financial year will be subject to consideration at the time of adopting the annual budget. Initial applications by not-for-profit community group for a waiver or concession will be accepted subject to the applicant providing the following information as detailed on the application form attached to this policy.

2.2.4 Payment Options

The Council will offer three rate payment options as follows:

- Payment in full 35 days after the date of service appearing on the rate notice
- Two instalments
- Four Instalments

2.2.5 Interest on Overdue Rates and Service Charges

Rates and service charges not paid in accordance with the three payment options will be subject to an overdue interest rate set by the Council in accordance with the Act at the time of adoption the annual budget.

2.2.6 Temporary Incapacity to Pay

If a ratepayer is in arrears with overdue rates the Shire may accept a scheme of arrangement with the ratepayer subject to the approval of the Chief Executive Officer (or in their absence the Director Corporate Services). An administrative fee will apply to this service.

2.3 Application of the Simplicity and Efficiency Principle

The Council will provide for changes in the

- level of rating; and
- structure of its rating policy; and
- application of its discretionary rating powers

in a way that promotes predictability, stability and transparency.

3. Object of and Reasons for the Rating Structure

3.1 GRV Differential Rates

The Council considers there is sufficient distinction between the benefits available to GRV valued properties located within town sites and those outside town sites to exclude the application of a single uniform general rate for GRV. The Council will apply a differential rate in order to achieve a reasonable application of rating policy principles set out in Section 1 of this policy.

3.1.1 Differential Rate GRV - Town site

A differential rate is applied to GRV valued properties within gazetted town sites in recognition of the increased level of access they have to facilities and amenities in comparison with remote GRV valued properties. To maintain

equity across the GRV rate base these properties should have a higher different rate in the dollar applied than GRV valued properties outside a town site.

3.1.2 Differential Rate GRV - Other

A differential rate is applied to GRV valued properties located outside a gazetted town site. The differential rate is applied in order to result in a lower GRV rate in the dollar than GRV valued properties within a town site in recognition of the reduced level of access to general amenities and services and the greater degree of self reliance and self provision of services in comparison with similar properties within a town site. To maintain equity across the GRV rate base these properties should have applied a different rate in the dollar.

3.2 UV Differential Rates

The Council considers there is sufficient variation in the distribution of UV values in the district and comparative access to services and facilities for UV properties to require the application of differential rates in order to achieve a reasonable application of the rating policy principles set out in Section 1 of this policy.

3.2.1 UV – Rural Residential (Including Rural Living and Special Rural)

A differential rate is applied to properties zoned Rural Residential and the like being properties having a common characteristic of a lifestyle property on a small rural holding with close proximity to an urban centre. Properties in this zoning have a residential basis and proximity access to higher levels of community facilities, amenities and services than other UV valued properties. The predominant use of many of these properties remains rural however the objective of the different rate is to maintain equity with the rates contributed by residences in the town sites. To ensure equity across the UV rate base, properties with this zoning should have applied a different rate in the dollar than other UV valued properties.

3.2.2 UV – Pastoral

A differential rate is applied to properties with a land use of Pastoral (or zoned Pastoral) with the common characteristic of a commercial operation in an undeveloped and sparsely populated area. Due to the valuation being based on a lease value the result is a low level of valuation over an extensive land area. To maintain a degree of equity with other rural based commercial operations land with a pastoral use (or zoned) pastoral should have applied a different rate in the dollar than other UV properties.

3.2.3 UV – Mining

A differential rate is applied to properties with a land use of Mining due to the intensive commercial nature of the activity. Such activities require a greater level of non-exclusive services than Pastoral activities in the same location and their impact on the community is of greater intensity. To maintain equity across the rate base properties with this land use should have applied a different rate in the dollar than other UV properties.

3.2.4 UV – Other

A differential rate is applied to all UV valued properties not otherwise rated as Rural Residential, Pastoral or Mining. The predominant land use in this category is agricultural including, but not limited to, properties zoned Rural Agriculture 1 and 2.

4. Transition Provisions

It is considered necessary to transition properties currently rated in the categories of Rural Agriculture 1 and 2 to the new rating category of UV - Other over a three year period.

All properties currently rated under the rating category of Rural Agriculture 1 and 2 will transfer to the new rating category of UV -Other by 1st July 2012.

Any new properties created from land releases that fall into the description of UV - Other will be rated under the new category from inception.

GOVERNANCE REFERENCES

Statutory Compliance	Local Government Act 1995 Section 6.26 & 6.47
Industry Compliance	Nil.
Organisational Compliance	Delegations Manual
Process Links	EF/FIN-1200 : Application for Rate Waiver/Concession EF/FIN-1201: Application for Rate Exemption

POLICY ADMINISTRATION

Directorate		Officer Title			
Corporate Services		Director Corporate Services			
Date Effective	20/04/2010	Minute Number:	9092		
Date Adopted	20/04/2010	Last Reviewed			
Risk Rating	Medium	Review Cycle	Bi-Annual	Next Due	04/2012