



Shire of EAST
Pilbara
THE HEART OF THE PILBARA

Rating Strategy
2021 - 2026

RATING STRATEGY 2021 to 2026

The purpose of our Rating Strategy is to:

- Establish a framework by which a fair and equitable share of property rates fees and charges are paid by property owners, for the services and infrastructure within the Shire of East Pilbara (the Shire)
- Create consistency amongst property rates and charges and their revenue for the Shire
- Provide a clear indication to the community and ratepayers on future rating

It does not determine how much ratepayers must contribute. This is a Council decision, determined each year as part of the Shire's Annual Budget process.

Rates are levied on all rateable properties within the district of the Shire in accordance with the *Local Government Act 1995* (the Act). Rates are a tax on property and are set in accordance with principles of equity, efficiency, simplicity, sustainability and policy consistency.

Rating provides for the net funding requirements of the Shire's services, activities, financing costs, plus the current and future capital requirements, after taking into account all other forms of revenue.

In Australia, the basis of using property valuations has been found to be the most appropriate means of achieving rating equity. Whilst it may be an imperfect system in which to assess property owner's ability to pay, it is the method Council is required rely upon under the Act.

RATING STRATEGY OBJECTIVES

This strategy establishes a framework to address the following key elements:

- a) That the basis of valuation for rating purposes continues to be Gross Rental Value (GRV) and Unimproved Value (UV) method.
 - * *Landgate values all properties in the State independently.*
- b) Recognise the individual characteristics of land use as the basis for differentially rating properties within the Shire.
 - * *The use of differential rating is considered a means to achieve greater uniformity in annual rate revenue apportionment across property types, being subject to fluctuations in their triennial revaluation reviews.*
- c) To maintain transparency and consistency each year in annual rating.
 - * *The Shire charges separately for rates, waste and State Emergency Services Levy (ESL).*
- d) That electronic communication methods are more efficient and effective.
 - * *Sustainable, cost effective and a digital Shire.*

1 RATING

1.1 Rate(s) in the Dollar

The Shire's differential rates in the dollar charge will be determined each year through the annual budgeting process. It is calculated to meet each year's requirements for net revenue raising as guided within the context of the Shire's Long Term Financial Plan. All rate(s) in the dollar amounts will be re-evaluated following the Valuer General's revaluation cycles for properties, adjusted according to the overall change in value of the properties being rated.

1.2 Key Values

The Department of Local Government, Sport and Cultural Industries Rating Policy: Differential Rates, outlines the following considerations for differential rating:

- Objectivity

The predominant use of land should determine the basis for an objective assessment of relevant criteria. External parties should be able to understand how and why a determination was made.

- Fairness & Equity

Rating principles should be applied fairly and equitably. Each property should make a fair contribution to rates based on a method of valuation appropriately reflecting predominant use.

- Consistency

Rating principles should be applied and determinations should be made in a consistent manner. Similar properties should be treated in a similar manner. The rating approach taken within neighbouring local governments shall be taken into account.

- Transparency and efficiency

Systems and procedures for determining the method of valuation of land should be clearly documented and available for the public to inspect. This is fundamental to the "good government" principle upon which the Act is based. The right to govern accompanies the obligation to do so openly and fairly.

The Shire is to prepare and make publically available a notice describing the object of and reason for each differential rate and advertise a period calling for submissions in accordance with the Act. The council is to consider all submissions received within the prescribed time, ahead of adopting the annual budget.

1.3 Differential Rating

Section 6.33 of the Act provides local governments with the option of implementing differential rates. The Shire's rating will be based on land use, being;

- Residential
- non-residential
- transient workforce accommodation
- pastoral
- mining

Clear objects and reasons for the use of any differential rating must be communicated through the annual budget process.

The Shire's objects and reasons for differential rate charges are as follows;

1.3.1 GRV - Residential

This incorporates residential single dwellings, duplex, multi-unit and strata improved properties.

** To ensure that the proportion of total rate revenue derived from residential properties remains essentially consistent with previous years and also includes the ongoing maintenance and service provision of Shire assets and services primarily used by residential ratepayers. This will ensure a reasonable contribution to the cost of local government services and facilities available to residents.*

1.3.2 GRV – Non residential

This incorporates all light industry, general industry, commercial including hotel/motel and mixed use properties.

** To ensure that the proportion of total rate revenue derived from non-residential properties remains essentially consistent with previous years and to recognise the additional costs of servicing these types of properties. Non-residential properties generate higher volumes of pedestrian and traffic movements than residential properties which 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 non-residential land the Shire is also required to provide additional litter collection services to these areas. Patrons and employees of commercial and industrial premises are consumers of Shire services but unless they are also property owners within the Shire, are not contributing to the cost of services which they use.*

1.3.3 GRV – Transient Workforce Accommodation (TWA)

This incorporates all mass accommodation facilities provided for a workforce that is not permanently located within the district.

** To ensure rates are distributed equitably across property used for residential and non-residential workers. Temporary workers are consumers of Shire services but unless they are also property owners within the Shire, are not contributing to the cost of services which they use. Mass accommodation properties have the potential to have a greater impact on Shire services and assets than other property types due to their number of occupants in a relatively small land parcel.*

1.3.4 UV – Pastoral

This incorporates all properties issued with pastoral leases granted by the State Government.

1.3.5 UV – Mining / Other

This incorporates all mining tenements, permits, drilling reservations, leases or licences held, extracting, stock piling, processing or refining of minerals and the extraction, processing or refining of fuel sources.

OR

Does not have the characteristics of any other UV differential rate category.

1.4 The Application of a Minimum Rate

The Act allows councils to impose a minimum rate, which may not apply to more than 50% of rateable properties within a rating category. The effect is to increase the rates payable by lower valued properties so that every ratepayer makes a minimum contribution considered equitable to the cost of the services and infrastructure provided, commensurate with other local governments.

1.5 Waste Service Fee

A waste service which includes the removal of rubbish and recycling, as well as the need to provide waste services to public areas, is required to be funded by ratepayers throughout the Shire. It is considered appropriate to separately identify this charge. The annual charge is to meet all operational and capital expenditure requirements and any surplus or deficit to be taken to reserve at year end.

1.6 Specified Area Rates (SAR)

A specified area rate is an additional rate which may be used by Council as a strategy to support funding future improvements at specified activity locations, which could address;

- a) Infrastructure development
- b) Improved town site amenity and form
- c) Improved pedestrian accessibility and cycle ways connectivity
- d) Car parking at and around activity centres
- e) The need to provide social spaces in activities centres for their continued success

It is not necessary that the amount raised from specified area rates fully meet the cost of the overall improvements. Specified area rating may be used to meet annual repayment of loan funding.

Clear objects and reasons for the use of specified area rating must be communicated through the annual budget process.

1.6.1 Strategy and Plan Implementation

Council has adopted several strategies which support the overall objectives of the Strategic Community Plan. Together these will shape the Shire's future direction, priorities and service delivery. Major Shire projects or local area initiatives may be supplementarily funded through the use of specified area rating in additional to annual rating charges.

1.7 Service Charges

The Shire may impose a fixed charge on every property owner or occupier in its area, where it's considered that everyone benefits from a specific provision of a service and/or infrastructure specified under the Act which everyone should make a contribution towards. Service charges may be applied for;

- a) property surveillance and security;
- b) television and radio rebroadcasting;
- c) underground electricity;
- d) water.

1.7.1 Property Surveillance and Security Service Charge

A property surveillance and security service is provided at some locations throughout the Shire. It is considered appropriate to separately identify this charge to ratepayers receiving this service. Implementing an annual charge could meet all operational and capital expenditure requirements and any surplus or deficit to be taken to reserve at year end.

1.7.2 Television and Radio Rebroadcasting Service Charge

A television and radio rebroadcasting service is provided at some locations throughout the Shire. It is considered appropriate to separately identify this charge to ratepayers receiving this service. Implementing an annual charge could meet all operational and capital expenditure requirements and any surplus or deficit to be taken to reserve at year end.

1.8 Emergency Services Levy (ESL)

The Shire is obligated to charge and collect this Western Australian State Government imposed rate.

2 OTHER AMOUNTS

2.1 Interest Charges

Interest charges on rates paid by instalment are allowable under the Act and considered appropriate in recompense for the Shire's foregone investment earnings. An instalment interest charge as opposed to a fixed fee equalises the benefit available across all ratepayers, who elect to pay their rates by instalments. Eligible pensioners and seniors are exempt from interest charges.

2.2 Discounts

Making discounts available for the early payment of rates and charges are considered an unfair advantage to those with the financial capacity to do so above other ratepayers. It is also administratively onerous. Discounts will not be applied.

2.3 Concessions

Concessions may be used to alter the amount of rates that would otherwise be payable away from a determination of a property's value and the applicable rate in the dollar charge. An equitable application of a concession would only apply to the entire rating category, or a location of properties which do not benefit from the same level of Shire services and infrastructure.

3 RATE EXEMPT PROPERTIES

Exemption from having to pay local government rates under the Act is primarily for land use towards charitable purposes. Welfare is primarily the responsibility of State and Federal governments.

To address the inequity in rate exempt properties not paying for having equal access to services and infrastructure primarily funded by the local community, the Shire may adjust their waste service fees, in line with the approach implemented by other local governments.

4 RATES NOTIFICATION

There are over 4,700 rateable properties within the Shire that are issued with a rates notice annually. Approximately half of all ratepayers elect to pay their rates by instalment, requiring the issue of three further reminder notices.

Digital notices were established for 2016/2017 rating year. Ratepayers may elect to have their notice emailed, avoiding the use of paper and postage, which aligns with sustainability objectives.

It is now common place for banks, utility service providers and other government agencies to interact via digital channels with their customers.

Despite campaigns and advertising promotions to encourage the switch to eRates (emailed rate notifications) the take up remains at around 50% of 4,700 ratepayers. This is despite the majority of ratepayers paying via online banking.

The Shire may implement a cost recovery fee for postage and handling of its rate notices. The fee would be waived for pensioners and all ratepayers receiving the rates notice by email or online banking. Currently under legislation, the first rates notice is required to be posted and only instalment notices could be considered for cost recovery.

5 PAYMENT DIFFICULTIES / FINANCIAL HARDSHIP

It is recognised that at times, due to unforeseen circumstances, the payment of property rates fees and charges may present a financial burden.

Ratepayers who are experiencing payment difficulty should contact the Shire immediately on 08 9175 8000 to discuss payment options. All enquiries are treated confidentially, and early communication may help prevent the commencement of costly legal action for the recovery of outstanding rates.

The Shire has adopted a Financial Hardship Policy. Alternative payment arrangements are available, by direct debit. Rates and charges may not remain outstanding for more than three years, inclusive of subsequent annual charges.

In the event that rates and charges become overdue, the Shire will issue an overdue final notice which includes interest charges. If the account remains unpaid the Shire will commence recovery action.

This may include redirection of lease income, the selling of the property, and or transfer of ownership to the Shire, by way of the Act. All fees and court costs are recoverable from the ratepayer.

6 FUTURE RATES FEES AND CHARGES

Rating provides for the net funding requirements of the Shire's services, activities, financing costs and the current and future capital requirements, after taking into account all other forms of revenue. As the costs incurred to provide services and infrastructure increases overtime, so does the need for and pressure towards raising rates.

Holding rates at comparatively low amounts may necessarily lead to larger increases in later years. Initially, achieving comparative rating consistency with neighbouring local governments in the short-term will support the Shire's long-term financial sustainability. Following with a gradual and consistent approach to increasing rates, avoids the need to raise rates outside of an acceptable range and or comparison over the long-term.