

Introduction

Rate revenue is an important part of the Shire of Capel's Annual Budget, and fulfills the critical gap between general revenue (through grant, fees and charges etc) and expenditure (including for current operational / capital works and future reserve accrual).

Rate revenue enables the delivery of a variety of services and facilities, including parks and civil infrastructure, recreation facilities, libraries, public halls, waste collection and disposal, urban planning and development approvals, and community services and events.

The Shire of Capel (the Shire) will impose a rate on the properties within its district to raise revenue to fund these services and facilities provided to residents and visitors.

The quantum of rates payable is determined by three factors: the method of valuation of the land, the valuation of the land and improvements, and the rate in the dollar applied to that valuation by the Shire.

In Western Australia land is valued by Landgate Valuation Services (Valuer-General's Office – a state government agency) and those values are forwarded to each Local Government.

Land is rated according to its unimproved value for land used predominantly for rural purposes or gross rental value for land used predominantly for non-rural purposes.

The Valuer General values the land in accordance with the provisions of the Valuation of Land Act 1978. The Shire will set a rate in the dollar which is applied to this valuation to give the rates liability for each property.

For the purpose of this policy, the Shire proposes to apply a single general rate to all the properties in the unimproved value (UV) category, where the predominant use is rural:

- Rural Land Use.
- Commercial Rural Land Use.

The Shire proposes to continue to distinguish between land in our Gross Rental Value (GRV) areas on the basis that it is:

- Residential/Urban Development Land.
- Residential/Urban Development Vacant Land.
- Commercial.
- Commercial Vacant.
- Special Use.

The purpose of the imposition of a differential general rate is generally to ensure that every landowner makes a reasonable and fair contribution to the rate responsibility.

Rates are levied on all rateable properties within the boundaries of the Shire in accordance with the Local Government Act 1995.

Rates are a tax, not a fee-for-service; as such they need to be set in accordance with principles of taxation –

- Objectivity – The land on which differential general rates has been rated according to one or more of the following land characteristics:
 - Zoning.
 - Land Use.
 - Vacant Land.
- Fairness and Equity – The Shire undertakes comprehensive reviews of services, projects, revenues, and costs, and considers efficiency measures as part of its review of the Corporate Business Plan and Annual Budget deliberations.

The object of imposing differential rates and reasons for each proposed differential general rate are clearly explained in the ‘Statement of Objects and Reasons’ and will be made publicly available to its rate payers.

- Consistency – The Shire rates similar properties that are used for the same purpose in the same way. The proposed differential rates align with the Shire’s annual rating strategy which will be incorporated into the Annual Budget, Corporate Business Plan, Long Term Financial Plan and ‘Statement of Objects & Reasons’.
- Transparency and Administrative Efficiency – Under section 6.35(6)(c) of the Act, the Shire must provide public notice of its intention to impose a differential rate and details its intended rate structure to residents, inviting submissions to be made by an elector or ratepayer. Each submission (if any) will be considered by the Council.

The overall objective of formulating a responsible rating strategy in any Annual Budget is to provide for the net funding requirements of the Shire’s services, activities, financing costs and the current and future capital requirements of the Shire, after considering all other forms of revenue.

Throughout Australia, the basis of using property valuations has been found to be the most appropriate means of achieving rating equity; however, the achievement of a wholly equitable rating system for all properties, in all areas, is a difficult task if it is based on the property valuations alone.

For this reason, there are refinement options made available, such as differential rating, the Shire has elected to use for the purpose of creating a policy position.

Purpose

To establish a Rating Policy which guides the Council and Shire Officers in identifying the evolving and future resourcing needs of the Shire and applying decision making in line with contemporary guidance, enabling swift, effective, and transparent resourcing outcomes to cater for the current and future needs of the community.

A Rating Revenue Policy which supports the Council in identifying the approximate value of rates that will need to be collected in the immediate and future years, referencing the following strategic documents:

1. Strategic Community Plan.
2. Corporate Business Plan.
3. Asset Management Plan.
4. Long Term Financial Plan.
5. Annual Budget.
6. Statutory

Local Government Act 1995, Section 6.32 Rates and Service Charges

- (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; and
- (b) may impose* on rateable land within its district –
 - i. a specified area rate or a minimum payment; and
 - (b) may impose* a service charge on land within its district.

*Absolute Majority required

Policy statement

1. Rating Framework

Differential rates

The Shire applies differential rates on our Gross Rental Value (GRV) properties pursuant to section 6.33(1)(a) and (c) of the Local Government Act 1995, i.e., according to the purpose for which land is zoned under the planning schemes in use within the Shire and according to whether land is vacant.

The rates are set at differential levels that provide, as far as is practically possible, a fair and equitable distribution of the rates to each rate category having regard to its demands on the Shire services.

Through the formulation of the annual rating strategy and Draft Annual Budget process, the Shire reserves the right to review its differential rating framework, modelling alternative rating structures including the social and economic impact of imposing a Uniform Rate Structure in GRV and UV categories.

Minimum Payments

A minimum payment is applied to each rate category in recognition that every property receives at least a minimum level of benefit from works and services provided by the Shire.

The minimum payment for each rate category is set at a level that is consistent and relative to the rate in the dollar for each differential rate group. Each is proposed at an amount which recognises the characteristics and particular demand on the Shire's infrastructure and services.

Specified Area Rates (SARs)

The Shire currently imposes one Specified Area Rate (SAR), the Dalyellup GRV area.

The Dalyellup SAR enables the enhancement of the general amenity of Dalyellup by way of increased service levels for the benefit of ratepayers/residents who live or work in the area. This may include services and activities such as litter control, verge and streetscape maintenance, verge mowing and general maintenance/capital works of all public open spaces.

The intended cost recovery rate of this SAR is 50.00% of all public open space maintenance and capital costs. Revenue raised through the imposition of a SAR must be used for the purpose for which the rate was imposed, with any residual amount remaining being placed in a Financial Reserve for that same purpose.

The purpose of the Shire retaining residual amounts in a Financial Reserve Fund will be to subsidise future capital and maintenance works required for Dalyellup. The Long Term Financial Plan will detail the projects attributable to this area of ringfenced revenue.

2. Rateable Valuations

The completion of a new dwellings/additions, outbuildings or commercial/industrial development during the financial rating year may give rise to a rateable valuation increase which the Council is entitled to levy as an interim rate based on that year's adopted rating parameters.

This may also be the case where the Council has successfully applied to the Minister for Local Government to change the method of valuation of a particular property, and the change in value to the property has been affected during the financial rating year. The Council may decide to phase in the valuation, under 6.31 and schedule 6.1 (2) of the Act to minimise the financial impact on the ratepayer if it is considered necessary.

3. Rate Concessions and Waivers

The Council will consider applications for rate exemptions which must be received in writing, identifying the owner of the property and include a summary of activities conducted at the premises and statement of financial position to enable the Council to decide.

Applications received under:

Charitable Rating Status –

The Council has the option to grant charitable rating status under section 6.26 (g) of the Act which provides a rate exemption to those land owners. The Council will consider granting this status to those organisations which meet the following criteria:

- Land must be owned or operated by a not-for-profit organisation.
- Land is used exclusively for charitable purposes.
- Rates Concessions – (other applications)

Under section 6.47 of the Act, the Council can resolve to waive a rate or service charge where it believes the organisation is a not-for-profit concern and it can be demonstrated that it is providing benefit to the community or providing a valuable community service. The Council can choose to grant a full or partial rate concession within a financial year period.

When considering a rate concession application, the Council will:

- o Be subjective when reviewing the information in the application.
- o Be guided by the principles of rating when determining the decision (see 'Introduction').
- o Not be influenced by the applicant having been granted a rate concession in previous financial years.
- o Consider local impacts such as social, economic, and environmental factors.
- o Consider the financial risk associated to loss of forecasted rate revenue and the impact of this on operational and capital priorities as adopted in the Annual Budget.

All rate waiver applications received by the Shire, will be reviewed by Senior Shire Officers in the first instance to ensure sufficient information has been included in the application.

Applications for a rate waiver will be presented to the Council for a decision. All applicants will be informed of the outcome within five working days of the Council's decision.

4. Pensioner concessions

The Shire will continue to support Pensioner/Senior Concessions, as part of its Annual Rating Strategy.

Eligible pensioners and seniors are entitled to claim rebates on their rates in accordance with the Rates and Charges (Rebates and Deferments) Act (1992).

5. Review of Land Use

Land usage will be reviewed as required and any major changes to usage will be considered to attain whether the methodology for rating purposes is relevant to the usage of the property.

Shire Officers may also identify individual situations during the year where the current rating method is not appropriate and will report these to the Council as soon as practicable.

6. Treatment of New Sub-Divisions

New sub-divisions for residential purposes will be rated GRV, any other subdivisions will be assessed on a case-by-case basis and rated accordingly.

7. Rates Collection and Debt Recovery Processes

The Shire will collect rate revenue in accordance with the Act.

Residents experiencing financial hardship, will be supported by the Shire's 'Financial Hardship Policy and Procedure', with the emphasis on maintaining a positive level of communication and understanding to the resident's needs.

In the event of recovering rate debt outside of the 'Financial Hardship' scope, the following process is to be followed for the recovery of outstanding rates and service charges.

Unless otherwise arranged, legal proceedings will continue until payment of the rates and services charges is received in full.

7.1 Issue Final Rate Notices

A Final Rate Notice is to be issued 14 days after the due date, to those persons who have made either no payment, or insufficient payment to cover the first instalment. The Final Rate Notice is to specify that the ratepayer/s have fourteen (14) days to pay in full or to enter into a special repayment arrangement.

7.2. Notice of Intention to Issue General Procedure Claim (Letter of Demand)

A Notice of Intention to issue General Procedure Claim (Letter of Demand) is to be issued within 28 days from the date of the final rate notice to those persons who did not respond appropriately to the Final Rate Notice.

- a. The Notice of Intention to issue General Procedure Claim (Letter of Demand) is to specify that the ratepayer/s have fourteen (14) days to pay in full or to enter into a special repayment arrangement – failure to do so will result in a summons being issued without further notice.
- b. Ratepayers are required to either pay the full amount on the General Procedure Claim or pay by instalments. If they choose to pay by instalments, they must sign the Admission of Claim on the reverse of the General Procedure Claim and enter the amount they agree to pay in each instalment. Such instalments are subject to acceptance by the Chief Executive Officer, or an officer delegated by the Chief Executive Officer.

- c. If the Admission of Claim is not returned after fourteen (14) days of the issue of a General Procedure Claim, a Property Sale and Seizure Order is to be issued.
 - d. If the repayment arrangement, as agreed on the Admission of Claim, is not honoured, a Property Sale and Seizure Order will be issued.
- 7.3 If the ratepayer/s has not responded to the General Procedure Claim, a Property Sale and Seizure Order is to be issued fourteen (14) days after the date of issue of the General Procedure Claim.
- 7.4 The Property Sale and Seizure Order is a goods order in the first instance and if the Property Sale and Seizure Order is returned Nulla Bona (no goods), then a land warrant is to be issued. Where a Property Sale and Seizure Order involves land where the owner resides, the approval of the Council is to be obtained before the land Warrant is lodged.
- 7.5 Subdivision 6 of the WA Local Government Act (1995)

If any rates and charges which are due to the Council in respect of any rateable land have been unpaid for at least 3 years, the Council may enact sections 6.63-6.75 of the act which involves taking possession of the land with a view to either selling the land, leasing the land or reverting the land to the Crown. The approval of the Council is to be obtained before this course of action is undertaken.

8. Rate payment discount, instalment interest rate and fee and penalty interest rate

Through the development of the Annual Rating Strategy, the Shire may choose to offer incentives to residents to promote swift payment of rates. Such incentives will be included in the Draft Annual Budget process, outlining the cost benefit analysis of introducing the payment incentive.

During the Draft Annual Budget process, the Shire may choose to impose a penalty interest rate for:

- Residents not paying rates by the due date.
- Residents opting to pay rates via the instalment payment plan option.

For residents paying rates via the instalment option, an instalment charge will be applied to the second, third and fourth payment to cover additional administration expenses.

The percentage interest applied to the above is stipulated by regulation and will be reported to the Council through the Draft Annual Budget process.

9. The Statement of Object and Reasons

The intent of the 'Statement of Objects and Reasons' for differential rating is to provide information that allows electors and residents to consider the proposed differential and minimum rates and invite written submissions that will allow the Council to consider these matters as part of its Annual Budget process. This is a requirement under the Local Government Act 1995.

The 2021-22 'Statement of Objects and Reason' can be located on the Shire's website – <https://www.capel.wa.gov.au/>

Application

This policy applies to all rate revenue received.

Other supporting policies – Financial Hardship.

The policy is to be reviewed as part of the Annual Budget and Long Term Financial Planning processes, or as required in the event of legislative changes.

Procedure

Department:	Community & Corporate	Next review:	March 2024
Reviewer:	Director Community and Corporate, Manager Finance and Rates Coordinator	Legislation:	
Adopted:	30.03.22 (OC061/2022)	Delegation:	
Amended:		Risk:	
Policy ref #:		Version: 2	
