

RATING EQUITY POLICY

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1. OBJECTIVE

There are a number of options available to local government to raise its own source revenue.

2. PRINCIPLES

Principles applying to determination of Rating include:

- Fairness and Equity – ensuring similar properties are rated on the same basis. Recognising that the services provided by the City benefit the community as a whole
- Consistency – making revenue decisions that support the financial strategies for the delivery of infrastructure and services identified in the Strategic Community Plan and underpinned by the Long Term Financial Plan and the Asset Management Strategy and Plans
- Transparency – being open in the processes involved in the raising of rates. Using a rating system that is simple and cost effective to manage; and the rate assessment as outlined on the rate notice is easily understood by the average community member.
- Administrative Efficiency – ensuring all ratepayers are given adequate notice of their liability to pay rates. Complying with the requirements and intent of relevant legislation.
- Flexibility – responding where possible to unforeseen changes in the economy to protect the adopted level of service desired by the community (this may include dropping the level of service in parallel with the adjustment of rating).
- Earmarking – Specified Area Rates raised for specific projects or services are to have a direct cost and benefit link.

This policy has been developed within the context of the City of Karratha's Strategic Community Plan and Corporate Business Plan. In setting rates, Council considers the long term vision for the City, strategic directions, financial sustainability and the likely impacts on the community.

In developing a Rating Strategy, the City may consider benchmarking its rating methodologies against comparative rating methodologies utilised by other local governments.

Rates are based on property values and are therefore a property tax. Under the *Valuation of Land Act 1978*, the Valuer-General must determine the land value and assess annual value of each property. The City has no role in the process of determining the valuations ascribed to individual properties.

All land within the City is rateable except for land specifically exempt under section 6.26 of the *Local Government Act 1995* and Rating Exemption Policy.

Council determines the amount of revenue required from rate collection each year to meet its financial, strategic, operational and statutory responsibilities for the coming financial year.

Valuations do not determine the rates income of the City and, as a result, the City does not gain windfalls from valuation increases and an increase in property value does not cause a rate rise.

2.1 Differential Rating

Differential Rating allows a local government to rate on the basis of Land Use, Zoning or a combination of both. The City will consider options to set Differential Rates when developing its Rating Strategy.

In accordance with section 6.33 of the *Local Government Act 1995* the City will apply to the Minister of Local Government for approval of any differential rates which are more than twice the lowest differential rate.

The Department of Local Government and Communities' Rating Policy Differential Rates (s.6.33) March 2016 sets out the key values that the City's proposed rates must demonstrate in order to obtain approval. Those key values are:

- Objectivity;
- Fairness and Equity;
- Consistency; and
- Transparency and Administrative Efficiency

These key values form part of the principles applying to determination of rating outlined above.

2.2 Specified Area Rate

The City is able to set a Specified Area Rate to meet the cost of undertaking a specific work, providing a service or facility if the local government considers that the ratepayers or residents within that area will;

- have benefited or will benefit from; or
- have access to or will have access to; or
- have contributed or will contribute to the need for, that work, service or facility.

The City will consider options to set Specified Area Rates when developing its Rating Strategy.

2.3 Interim Rating

Subject to section 6.28 of the *Local Government Act 1995* and in respect of valuations supplied by the Valuer-General for the purpose of interim valuations, the City of Karratha will back-rate or refund rates to property owners where ownership:

- Has not changed in a prior financial year to the effective date of the change as determined by the Valuer-General; or
- Has changed in a prior financial year, to the date of change of ownership.

For the purposes of this policy, a change in ownership does not occur where there is a change in the structure of a body corporate (including name change) resulting in the change having no effect on altering the effectual control of the company.

2.4 Discount on Rates

Subject to the *Rates and Charges (Rebates and Deferrals) Act 1992*, the City in accordance with the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, does not offer a discount for the early payment of any rate or service charge.

The City offers an early payment prize incentive scheme to ratepayers who pay their annual rates and charges in full (eligible pensioners are required to pay their portion of the rates and rubbish collection charges) by the due date, 35 days from the date of issue of the rate notice.

2.5 Rebate of Rates pensioners

Subject to the *Rates and Charges (Rebates and Deferrals) Act 1992*, the City will in accordance with the *Local Government Act 1995* and Regulations, grant concessions to eligible pensioner ratepayers who have registered their entitlement with the City, to receive a rebate on City rates and the Emergency Services Levy. The Domestic Waste Management charge to owners of rateable properties does not qualify for a rebate.

2.6 Payment of Rates

The City levies the rates once a year and issues an annual rates notice to all ratepayers. Rates are levied as early as possible in each financial year and are typically due for payment in the following months each year:

- September
- November
- January
- March

In the event that rates are levied earlier or later, due dates for payment shall be set in accordance with section 6.50 of the *Local Government Act 1995*.

2.7 Objection Rights

Pursuant to section 6.76 of the *Local Government Act*, a person may object to a rates notice on the following grounds:

- There is an error in the rate notice in relation to the identity of the land owner or the part of the land to be rated; or
- If the City imposes a differential general rate, that the characteristics of the land recorded in the rate record as the basis for imposing that rate should be deleted and other characteristics substituted.

An objection is to be made in writing within 42 days of service of the rate notice under section 6.41.

Pursuant to section 32 of the *Valuation of Land Act 1978*, a person may object to the valuation on which their rates assessment was based.

An objection to the valuation of a parcel of rateable land should be directed to the Valuer-General's office and is to be made in writing within 60 days of service of the rates notice under section 6.41.

3. CONSEQUENCES

This policy represents the formal policy and expected standards of the City of Karratha. Appropriate approvals need to be obtained prior to any deviation from the policy. Elected Members and Employees are reminded of their obligations under the Council's Code of Conduct to give full effect to the lawful policies, decisions and practices of the City.

4. ROLES AND RESPONSIBILITIES

CUSTODIAN	OFFICER RESPONSIBLE FOR IMPLEMENTATION
Manager Financial Services/CFO	Financial Accountant <u>Senior Revenue Officer</u>

5. REFERENCES TO RELATED DOCUMENTS

Include any informing Executive Guidelines, Procedural documents and forms.

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*
- *Rates and Charges (Rebates and Deferments) Act 1992*
- *Valuation of Land Act 1978*
- City of Karratha – CF11 Rating Exemption
- City of Karratha – Strategic Community Plan
- City of Karratha – Corporate Business Plan
- City of Karratha – Long Term Financial Plan
- City of Karratha – Annual Budget

- City of Karratha – Annual Report

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Responsible Officer:	Manager Financial Services/CFO

This Policy takes effect from the date of adoption by Council and shall remain valid until it is amended or deleted.