



Changes to your rates are here!

This brochure will help you learn more about those changes.



The Shire of Lake Grace is changing the way rates are levied in the district to improve fairness, equitability and efficiency.

We are removing several specified area rate classifications to better align and comply with the provisions of the *Local Government Act 1995*. This will mean we are close to the fairest, most equitable and most efficient method of rate levying available.

Why are these changes occurring?

Rates should be a fair, equitable and an efficient way of collecting revenue to provide services to the community. The existing rating structure is considered by some to no longer meet the principles of a fair and efficient rating system across the community.

We are changing what we do to make the rate levying process fairer, more equitable and more efficient.

Whilst the majority of ratepayers won't see a significant difference in their annual rates, the changes will have an impact on some ratepayers.

Does this mean you were raising rates unfairly, or even wrong, in the past?

No, not at all. Council has not been unfair or incorrect in raising rates in the past. Council has used the methods available to levy rates in a manner it believed best met the objectives of the Shire at the time.

Times change and therefore we are changing to make it fairer, more equitable and more efficient by removing some specified area rates which we believe no longer meet the goals associated with fair rating.

Am I going to be hit hard by these changes? Is this "fair"? What are you going to do about this?

We know these changes will increase rate levies for some ratepayers. There will be some ratepayers who will see some sizeable increases as a result.

However, the overall impact these changes will have is a fairer spread of rates across the community.

What extra benefits will I get if I am paying higher rates?

Rates are a property taxation method. They do not link the amount paid in rates to the individual benefits received. It is considered a wealth tax, which means the greater the value of the property, the more likely it is the property owner can make a greater contribution.

We know this is sometimes not the case, however this is the system determined for Western Australia and for many other states across the nation.

We cannot change the value for rating purposes applied to your property. The task for determining property values for taxation purposes is undertaken by a separate independent government agency called the Valuer General's Office.

Can Council rate how and what it likes?

Practically speaking, yes, and no. Councils setting rates too high are likely to generate animosity amongst the ratepayers in the district. Taxes are never popular!

Those Councils setting low rates are unlikely to be able to supply "nice to have" items such as community events and recreation facilities, the things many people believe help form the fabric of the community.

Those Councils setting rates far too low are unlikely to be able to supply the required basics such as safe local roads and efficient and effective waste collection which the local government is required to supply.

Are these new changes allowed?

Yes, they are allowed, and, in fact, they are considered a more transparent and objective way to raising rates, and less open to subjective influence than the way we have been rating in the past.

However, it isn't a free-for-all! There are some rules Council must follow when imposing rates.

These changes will occur during the 2019/20 financial year. Meaning you will see the changes on your rate notice.

Well, what are those rules?

There are several of them, with the three most prominent rules shown below:

- Council cannot impose rates where one ratepayer has a tax rate (called the rate in the dollar) significantly different to another ratepayer, without first getting Ministerial approval.
- Council cannot impose a minimum payment where too many ratepayers are impacted.
- Council cannot set any rate based on property location.

What can Council do to make sure it is 'doing the right thing'?

Internal reviews are one of the tools used to assess whether resources are being optimally utilised. Recently, Council undertook a review of its rating practices by engaging an independent consultant to examine and evaluate the current rating structure.

This review identified some inconsistencies which need to be addressed to enable the Shire to maintain the desired high level of legislative compliance it strives for.

Why are the changes applying to only some specified area rates?

Specified area rates should be able to easily make a connection between the property being rated and the specified area rate. Good examples include sewerage (where it is clear and easy to distinguish whether a property is being serviced or not).

The specified area rates being removed are considered to no longer to align with legislative provisions, which is why these changes are occurring.

How will Council now collect the revenue previously raised through specified area rates?

Instead of applying specified area rates, revenue required for service provision will be levied through general rates. This means the rate in the dollar (or 'rate levy') will be adjusted for each rate category.

By collecting rate revenue in this way (rather than through the specified area rate classifications being removed), we are working toward making the rate levying process fairer, more equitable and more efficient to everyone.

What other things must a Council consider when setting rates?

When we determine the method of levying rates, we need to consider these five (5) principles –

- **Objectivity**
As far as possible, the main use of land should be reviewed and determined based on an objective assessment of relevant criteria. External parties should be able to understand how and why a determination was made.
- **Fairness and 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 the main use.
- **Consistency**
Rating principles should be applied, and determinations should be made, in a consistent manner. Like properties should be treated in a like manner.

- **Transparency**

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 Local Government Act is based. The right to govern accompanies the obligation to do so openly and fairly.

- **Administrative efficiency**

Rating principles and procedures should be applied and implemented in an efficient and cost-effective manner.

Where can I get more information?

The following websites will help you to gain a greater understanding of the rating systems and what Council can, and cannot do –

- **Landgate (the Valuer General's Office)**
<https://www.landgate.wa.gov.au/for-individuals/land-values>
- **Department of Local Government**
<https://www.dlgsc.wa.gov.au/localgovernment/forcouncils/Pages/Rates-Setting.aspx>
- **WA Local Government Association – Your Everyday**
<https://youreveryday.com.au/Councils/Council-FAQs>
- **Shire of Lake Grace**
www.lakegrace.wa.gov.au

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