



WCC Rates Factsheet

Finding the balance between equity of service and ability to pay

Councils have a fixed rate income that can only increase annually by the rate peg.

An increase in land valuations does not result in a proportional increase in rates (or income for council). Rates are a function of a property owner's share of the total land value within the local government area.

Rates are calculated by dividing Council's allowable income over the land value for each category

General Rates

How do we calculate them?

Council is required to determine the combination of rates, fees and charges needed to fund the services it provides. This is called a revenue policy.

The [Revenue Policy](#) contains the rating structure that determines how rates and charges are calculated.

Each rateable property is declared to be in a category or sub category – eg Residential, Business...

Councils can choose how they calculate and distribute rates. For each category or sub-category rates can be calculated either,

- Entirely on the land value of the property
- On a combination of the land value of the property and a fixed base amount per property or
- Entirely on the land value, but subject to a minimum amount.

WCC uses the minimum rate and Ad Valorem (explained below) method.

Minimum Rates - if your land valuation is under a certain threshold (mostly units) you'll pay the minimum rate, WCC applies a minimum rate to all categories.

Rates are calculated (allowing for minimums) by dividing the allowable income for each category over the land value for each category to obtain the rate in the \$ on land value (Ad Valorem)

Components of the rate notice

General Rates calculated by *Land Value* – Council can only increase rates by the approved rate peg or a Special Rate Variation (determined by IPART).

Domestic Waste Charge - pays for waste collection, recycling and waste disposal. Not subject to a rate peg, but funds are quarantined for this purpose only (capping under review).

Stormwater Charge – pays for stormwater projects new and renewal. Charges are capped and funds are quarantined for this purpose only.

Land Value - is supplied by the Valuer General.

A revaluation occurs every three years. Base date 2022 will be used for the first time in 2023/24

An increase in land valuations does not result in a proportional increase in rates (or income for council).

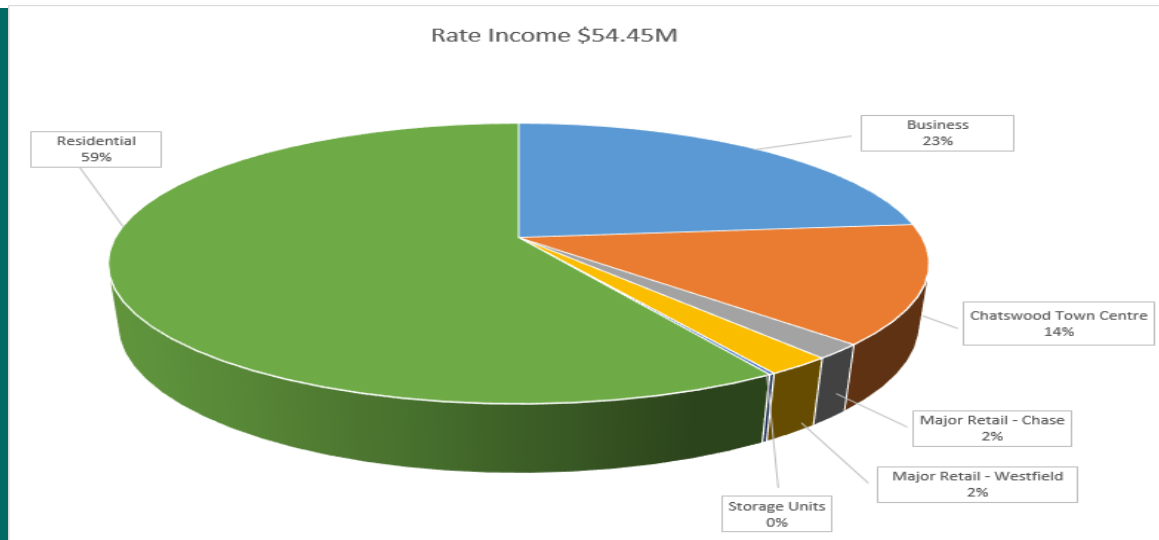
A revaluation may result in some land values increasing or decreasing more than other land. This may cause a shift in the rate burden for individual properties.

Limits on Rate Income

Council's total rate income is limited by the rate peg % set by **IPART**. Each year **IPART** sets the % by which council can increase its rate income (includes a population growth %). In 23/24 Council will be allowed 3.7% Councils can apply to IPART for a special increase (SRV) above the rate peg. Council must demonstrate the need for the increase.

Rate Structure

We divide our rates into rating categories and sub-categories, Residential, Business, Chatswood Town Centre, Chatswood Major Retail – Chatswood Chase, Chatswood Major Retail – Westfield and Strata Storage Facility. The rating structure determines how much of the “pie” each category pays.



Why are my rates different to other people or other areas?

Councils can choose different rate structures within the limits prescribed by legislation. Some Councils have businesses paying a larger % than other categories. The rate peg applies to the total pie – how it is divided up depends on the rating structure within the legislative boundaries imposed upon the state legislation.

Some councils may have a SRV or special levy, others provide water. Service levels differ between councils.

Additional Waste Services

Extra green waste and recycling services are available for a fee. The charge is added to your rate notice.

Growth in Rates

When new properties are built, it results in new valuations and an increase in a Council's rating base. (generally around 0.1 to 0.2% each year).

It means that the “pie” grows bigger but so do costs for providing services.

Rates Rebates/Subsidies 2023/2024

Eligible pensioners are entitled to a rebate of \$250.00 for rates and a subsidy of \$158.00 on the domestic rate charge on their rate account.

Self-funded retirees who meet Council's criteria are entitled to the subsidy of \$158.00 on the domestic rate charge on their rate account.

Did you know?

29% of Willoughby City Council's rate notices are delivered electronically.



Rates - Frequently asked Questions (FAQ) July 2023

Question	Answer
<p>What do my rates pay for?</p>	<p><i>Council delivers over 70 distinct services ranging from roads infrastructure, storm-water drainage, environmental initiatives, bridges, footpaths, kerb and guttering, street cleaning, bushland, sporting fields, recreational parks, leisure centers, childcare, multicultural services, youth centers, community services, community events, childcare, libraries and so on.</i></p> <p><i>There is a separate charge for Domestic Waste Management (weekly bin collection and bulk waste pick-ups). Funds are restricted for the purpose of funding waste management operations or infrastructure and can only use the money to provide waste management services.</i></p>
<p>I received notice that my land value has increased. Does this mean I will have to pay higher rates in future?</p>	<p><i>Not necessarily. It depends on what is happening with other land values across Willoughby. Rates for each property are calculated based on the individual property's share of the total land value within the Willoughby Local Government Area (LGA).</i></p> <p><i>Council's Rates income is fixed. We divide this fixed income by the total value of land in Willoughby to calculate a rate amount for every dollar of property value. We then apply this rate in the dollar to each property to calculate the amount of rates due.</i></p> <p><i>Think of Council's Fixed Rates Income as a large pie. You Rates are calculated based on your property's share of this pie. If your property's share of the pie is larger than the last time properties were valued, you will pay more in rates. If your share of the pie is less than the last time properties were valued, you will pay less.</i></p> <p><i>So if all properties in Willoughby increase by the same or a higher percentage than your property, your rates will stay the same or decrease (because you have a smaller share of the pie).</i></p>
<p>Land values are going up. Does this mean Willoughby Council will make millions in extra rates</p>	<p><i>Council does not gain any extra income regardless of how much property values increase in total.</i></p> <p><i>Councils are subject to a fixed "Maximum Allowable Income" from rates. This fixed income to Council can only increase by what the Independent Pricing and Regulatory Tribunal (IPART) allows annually as a "cost of living" adjustment that is added to the fixed Rates Income (known as the Rate Peg).</i></p> <p><i>The rate peg for 2023/24 is 3.7% (compared to inflation at over 7%).</i></p>
<p>Is it only households who need to pay rates? What about businesses and other properties?</p>	<p><i>We divide our rates into rating categories and sub-categories, Residential, Business, Chatswood Town Centre, Chatswood Major Retail – Chatswood Chase, Chatswood Major Retail – Westfield and Strata Storage Facility.</i></p> <p><i>The rating structure determines how much of the "pie" each category pays.</i></p>



Rates - Frequently asked Questions (FAQ) continued July 2023

Question	Answer
<p>Why is this so complex? Why are rates based on unimproved land values? Why doesn't council come up with a simpler and more equitable way to share the rate burden?</p>	<p><i>The way Council calculates rates is tightly controlled by legislation under the Local Government Act 1993. We must use Unimproved Land Values as a basis for allocating Rates and there is very little flexibility in how we can apply these land values.</i></p> <p><i>In addition, a number of properties (for example public and private schools, and religious institutions are exempt from paying rates).</i></p> <p><i>The NSW Local Government Industry (councils across NSW) have lobbied for many years to make rating simpler (and possibly more equitable). Councils have achieved some small wins but the fundamental concept of using unimproved land values has prevailed.</i></p> <p><i>Council has little discretion (beyond rating categories) to change the calculation of rates on individual properties.</i></p>
<p>What if I don't think the valuation for my property is correct?</p>	<p><i>Land values are supplied by the NSW Valuer General. The NSW Valuer General is an agency of the NSW State Government.</i></p> <p><i>A revaluation occurs every three years. Base date 2022 will be used for the first time in 2023/24</i></p> <p><i>An increase in land valuations does not result in a proportional increase in rates (or income for council).</i></p> <p><i>A revaluation may result in some land values increasing or decreasing more than other land. This may cause a shift in the rate burden for individual properties.</i></p> <p><i>If you do not think your latest revaluation is fair, you can appeal directly to the Valuer General. Council cannot change the value assigned to your property.</i></p>