# **Rates harmonisation fact sheet**

## What are rates?

Rates are Council’s main source of income. Rates income is used to maintain and improve services, and for the provision of facilities, programs, activities and capital works for the community. Rates are used to provide essential infrastructure and services.

Rates are calculated from property valuations supplied by the [NSW Valuer General](https://www.valuergeneral.nsw.gov.au/land_values/where_can_you_learn_more_about_your_land_value/land_values_online). The calculation of rates is tied to the value of your property.

## Where do my rates go?

* Infrastructure and property services: local roads, parking, bridges, footpaths, drainage, waste collection and management
* Recreation facilities: parks, sports fields and stadiums, swimming pools, sport centres, halls
* Health services: water and food inspection, public toilets, noise control and animal control
* Community services: children’s services, aged care, community care, recreation programs and welfare services
* Building services: inspections, licensing, certification and enforcement
* Planning and development: approval, heritage conservation
* Cultural facilities: libraries, art galleries, public art, events

## What is rates harmonisation?

At present, Inner West Council has three rates structures, a legacy from pre-amalgamation: the former Ashfield, Leichhardt and Marrickville Council rates structures.

Rate harmonisation means there will be a new rating structure for the whole Inner West. Rates will be paid more equitably by all ratepayers in the Inner West in proportion to land value.

## Why is Inner West harmonising rates?

Under the NSW Government’s Local Government Act, Inner West Council is required by law to harmonise rates across the Inner West from 1 July 2021.

All amalgamated Councils in NSW must comply.

Council has approached the NSW Minister for Local Government asking for a gradual phasing in of rate harmonisation over several years.

## How will Council harmonise rates?

Council is introducing a new minimum rate, so all property owners are charged equally for using Council services.

For example, rates cost more for some households in some parts of the local government area. Some businesses are charged according to different rates structure that apply across the local government area.

Another example is that apartment dwellers tend to pay less to access the same Council services as homeowners.

## How will I be affected?

Some property owners’ rates will go down. Others will go up. You can find out how your property will be affected by using the [rates calculator](https://www.innerwest.nsw.gov.au/live/information-for-residents/rates/rates-calculator/rates-calculator).

## What options are available if the proposed change causes me financial hardship?

Ratepayers experiencing financial hardship can apply to defer payment of rates.

Pensioners may be eligible for a rebate. Visit the [rates page](https://www.innerwest.nsw.gov.au/live/information-for-residents/rates/rates-rebates-for-pensioners) to find out more and to apply.

## How does Council calculate rates?

Rates are calculated based on land value. Ratepayers will either pay a minimum rate or ad valorem (rate per dollar of land value).

## How is land valued?

The [NSW Valuer General](https://www.valuergeneral.nsw.gov.au/land_values/where_can_you_learn_more_about_your_land_value/land_values_online) issues new land values to councils at least every three years and sends Notices of Valuation to the property owner.

All councils received new land values for rating as of 1 July 2019. Notices of Valuation were sent out to property owners from January 2020.

## Will Council’s total rates revenue increase?

No. Some ratepayers will pay more, and others will pay less, but rates harmonisation does not mean Council will be increasing its overall revenue from rates.

The amount that Council raises from rates overall may only increase each year by the rate peg.

## What is rate pegging?

Rate pegging is the NSW Government’s limit on how much councils can increase their rates.

Since 2011-12, the rate peg has been set annually by the State’s pricing regulator, the [Independent Pricing and Regulatory Tribunal](https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/For-Ratepayers) (IPART).

This financial year, IPART set a limit of a rise of 2.6%, following an increase of 2.7% previously.

IPART has set the 2021-22 rate peg for NSW councils at 2.0%.

## What is the new rating structure?

As part of the rates harmonisation process, Council is introducing new minimum rates.

The proposed new minimum rates are:

* Residential – General $850
* Business – (General, Industrial, Malls and Airport) $820

This means that all ratepayers will pay at least $850 for residential or $820 for business rates but some will may more depending on the value of their land. This is called an ‘ad valorem’ which means rate per dollar of land value.

This is the fairest way to calculate rates so that everyone pays a reasonable contribution towards Council services.

**You can find an estimate of the impact on your property’s General Rates using the** [**online rates calculator**](https://www.innerwest.nsw.gov.au/live/information-for-residents/rates/rates-calculator/rates-calculator)**.** The amounts do not include Waste and Stormwater charges or Pensioner Rebates/Discounts.

The following tables show how the new rating structure will change rates based on a low, average and high value property in each former Council area.

### Residential ratepayers

| **Former Ashfield Council area land value** (unimproved\*) | 2020/21 Rates | 2021/22 Rates(New rating structure) | % and $ impact/change |
| --- | --- | --- | --- |
| Low $265,998 | $994  | $850 | -14.5% (-$144) |
| Average $500,000 | $1,217  | $850 | -30.2% (-$367) |
| High $1,230,000 | $1,942  | $1,501  | -22.7% (-$441) |

| **Former Leichhardt Council area land value** (unimproved\*) | 2020/21 Rates | 2021/22 Rates(New rating structure) | % and $ impact/change |
| --- | --- | --- | --- |
| Low $345,455 | $686 | $850 | 23.9% (+$164) |
| Average $931,000 | $1,243  | $1,139  | -8.4% (-$104) |
| High $1,340,000 | $1,788  | $1,636  | -8.5% (-$152) |

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| **Former Marrickville Council area land value** (unimproved\*) | 2020/21 Rates | 2021/22 Rates(New rating structure) | % and $ impact/change |
| Low $233,272 | $710 | $850 | 19.7% (+$140) |
| Average $741,000 | $765 | $908 | 18.7% (+$143) |
| High $1,070,000 | $1,110  | $1,316  | 18.6% (+$206) |

\*The Valuer General uses unimproved land value. This means what a block of land is deemed worth without any buildings or structures on it.

Note - Low is the 20th percentile, Average is the 50th percentile, High is the 80th percentile.

### Business ratepayers

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| --- | --- | --- | --- |
| **Former Ashfield Council area land value** (unimproved\*) | 2020/21 Rates | 2021/22 Rates(New rating structure) | % and $ impact/change |
| Low $240,960 | $902 | $955 | 5.9% (+$53) |
| Average $878,500 | $3,055 | $3,256 | 6.6% (+$201) |
| High $3,416,000 | $12,817 | $13,680 | 6.7% (+$863) |

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| --- | --- | --- | --- |
| **Former Leichhardt Council area land value** (unimproved\*) | 2020/21 Rates | 2021/22 Rates(New rating structure) | % and $ impact/change |
| Low $ 311,868 | $1,508 | $1,125 | -25.4% (-$384) |
| Average $ 910,000 | $4,330 | $3,268 | -24.5% (-$1,062) |
| High $2,720,000 | $14,035 | $10,637 | -24.2% (-$3,399) |

|  |  |  |  |
| --- | --- | --- | --- |
| **Former Marrickville Council area land value** (unimproved \*) | 2020/21 Rates | 2021/22 Rates(New rating structure) | % and $ impact/change |
| Low $ 340,200 | $1,332 | $1,562 | 17.3% (+$230) |
| Average $ 874,000 | $3,263 | $3,877 | 18.8% (+$614) |
| High $2,610,000 | $11,464 | $12,255 | 6.9% (+$791) |

## How many ratepayers will pay minimum rates?

Approximately:

* 43% of residential ratepayers will pay the minimum rate of $850
(30,959 ratepayers will pay the minimum rate while 41,879 will pay ad valorem)
* 14% of business general ratepayers will pay the minimum rate of $820
(624 ratepayers will pay the minimum rate while 3,641 will pay ad valorem)
* 0.4% of business industrial ratepayers will pay the minimum rate of $820
(6 ratepayers will pay the minimum rate while 1,272 will pay ad valorem)

## Why is the new rating structure fairer?

Ratepayers will pay a fair share of rates based on the value of their land under the new rating structure.

### Residential

Currently residential ratepayers in the former Ashfield Council area pay a higher percentage of rates compared to land value while ratepayers in the former Marrickville Council area pay a lower percentage of rates compared to land value.

### Business

Currently business ratepayers in the former Leichhardt Council area pay a higher percentage of rates compared to land value while ratepayers in the former Marrickville Council area pay a lower percentage of rates compared to land value.

An independent review of rates commissioned by Council also found that shopping centres (malls) pay a lower percentage share of rates for the services they use.

Under the proposed new rating structure, Council will raise an extra $600,000 from the four shopping centres in the Inner West Council area while business rates (in the business-general category) will be reduced by $600,000 overall. This will improve the alignment between benefits received and rates paid.

## How can I provide feedback?

Tell us whether you support the proposed new structure including the minimum rate. Comments close 7 February 2021.

Have your say at [yoursay.innerwest.nsw.gov.au/my-rates](file:///C%3A%5CUsers%5Ccomengage2%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CQ6N434OG%5Cyoursay.innerwest.nsw.gov.au%5Cmy-rates)

## What happens next?

Council officers will collate feedback into an Engagement Outcomes Report which will be published on Your Say Inner West. The elected Council will consider the matter at its meeting in February 2021. Everyone who provides feedback will be notified of the meeting date.

If adopted, Council will apply to [IPART](https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/For-Ratepayers) to approve the minimum rate. IPART will invite community feedback to inform its decision. The new rating structure will come into effect on 1 July 2021.

## Need help?

### Enquiries

Call Council's Rates information line on 02 9392 5859 or email myrates@innerwest.nsw.gov.au

**If you have a hearing or speech impairment**

Contact us via the [National](http://www.dss.gov.au/contact/national-relay-service) Relay Service Monday to Friday 9am-4pm (Inner West Council Rates information line 02 9392 5859)

* Voice Relay number: 1300 555 727
* TTY number: 133 677
* SMS relay number: 0423 677 767

**If you would like a hard copy form posted to you or for help filling out the online form**

**Contact Renata Krchnakova,** Engagement Officer on 9392 5501 or Annie Coulthard, Senior Engagement Specialist on 9392 5328.