

RATES FREQUENTLY ASKED QUESTIONS

Rates are a key source of income for Council, but not the only one. Over the last three years, just over half our income (53.2%) on average has come from rates and other annual charges. The other 47% comes from grants, contributions, investment revenue and other sources. This means that although your rates make a big contribution towards funding Council's work, we are also always looking for other ways to deliver services and infrastructure to our community.

We have written these FAQs to answer the questions we are receiving from the community about their rates. We will update them on a regular basis if we find that people are asking questions that are not covered here.

Council also provides general rates FAQ's on our website in relation to land valuations, rating categories, pension rebates, payment options, registering for emailing of notices, instalment due dates and changing your postal address. You can view these other general FAQ's on Council's website at www.penrithcity.nsw.gov.au and clicking on the "Pay My Bill" icon which will take you directly to the "Rates, Payments & Fees" page where these other FAQ's are located.

I HAVE A QUESTION THAT'S NOT IN THE FAQs, WHAT DO I DO?

If your rates question is not answered in these FAQs or on our website, you can email us at rateshelp@penrith.city

If you email, rather than call, it will mean that we can make sure your question goes to the right person, who can give you the information you need. That email inbox will be checked continually throughout the working day, but it may take a little while to respond to you depending on your query and the number of enquiries that are received.

If you'd like to explain your question or talk to someone, please tell us that in your email, give us a contact number and we will call you.

If you cannot email us, you can also call us on 4732 7676.

WHY DO MY RATES GO UP?

Council buys goods and services like petrol, insurance, furniture, building materials and so on just like you do. Each year the Independent Pricing and Regulatory Tribunal (IPART) tells councils how much they can increase their rates, based on how much the cost of things that local councils typically use (like building materials, petrol, insurance, salaries and wages) has gone up. This is called the rate peg. For 2021-22 IPART have set this increase at 2%.

To calculate how much rates Council can collect in 2021-22, Council will basically take the rates levied by Council in 2020-21 and add 2%. Generally speaking, as the amount of rates to be collected increases but the number of properties is the same (at the time that the levies are calculated), the average amount to be collected from property owners increases.

HOW MUCH WILL MY RATE GO UP IN 2021-22?

How much your rate will go up for 2021-22 will depend on where your property is located as Council is proposing some changes to the way that rates are shared between property owners which will mean an increase for most owners between 2% to 4%, but a decrease for a small number of properties.

The NSW Government has proposed some changes to the way that rates can be assessed to give council more flexibility when it comes to sharing the rates between property owners, particularly where there is a difference in demand for or the cost for providing services or infrastructure to particular areas. The proposed changes were still going through the Parliamentary process (as at the end of April 2021) so have not yet been approved but the changes are expected to be in place by 1 July 2021.

For many years Council has been trying to find a way under the old legislation to provide fairer rates for property owners in rural areas where skyrocketing land valuation increase in these areas has shifted a higher proportion of the rates burden to these rural owners.

Subject to the proposed legislation changes being approved by the NSW Parliament and subject to the legislation allowing Council to do so fairly, Council proposes to change the existing rating structure to include a sub-category for residential land in rural areas and set a lower rate for that area compared to residential land in other areas.

To implement this proposed changes, Council will need to adjust the rates for other property owners to make up for the lower rates that it will collect from the rural owners. The proposed changes will be gradually implemented over four years so as not to place a sudden and unfair burden on other property owners.

The plan over four years will be:

- All other properties in all rating categories in Residential, Farmland and the three Business categories (not included in the rural residential area or on minimum rates) will pay an additional levy of 2% on top of the rate peg increase. As it is estimated that the rate peg will be 2% per year over the next four years the rates increase will therefore be 4% for these properties. The additional rates that will result from the 2% additional levy will be apportioned over the rural residential properties as rate decreases.
- Rural residential owners will receive an estimated 4.7% decrease in the first year and with compounding decreases over four years the rural rate will be around 30% lower than the other residential properties by the fourth year.
- Properties on the minimum rate in all rating categories will continue to increase by the rate peg only as the legislation prohibits Council from increasing the rates for these properties greater than the rate peg.
- The plan will be reviewed each year to ensure that the plan continues to be endorsed by the new Council following the September 2021 local government elections, and that the plan is achieving the intended target of a 30% discount by the fourth year.

The following increases/decreases to your rates in 2021-22 will depend on your rating category, location and whether or not you are on the minimum rate:

<i>Rating Category</i>	<i>Estimated Increase for 2021-22 (%)</i>	<i>Estimated Average Increase for 2021-22 (\$)</i>
<i>Residential</i>		
Minimum Rates	2.00	23
Urban	4.00	57
Rural	-4.70	-192
<i>Farmland</i>		

Minimum Rates	2.00	23
Other	4.00	347
<i>Business</i>		
Minimum Rates	2.00	28
Other	4.00	315
<i>Penrith CBD</i>		
Minimum Rates	2.00	28
Other	4.00	313
<i>St Marys Town Centre</i>		
Minimum Rates	2.00	28
Other	4.00	165

WHY IS A LOWER RATE FOR RESIDENTIAL OWNERS IN RURAL AREAS BEING PROPOSED?

Currently residential property owners in rural areas contribute around 15% of rates income but only represent 6% of properties. Over the years the urban sprawl in the Sydney Metropolitan area has decreased the supply of acreages available and due to strong demand pushed up land valuations in rural areas. As the land valuations in our rural areas have increased, so has the level of rates, despite there being no significant changes to the levels of service from Council.

There are also some services provided to urban properties that are not provided in rural areas including street lighting, kerb and guttering and drainage. However, despite receiving no direct benefit the rural owners' rates help fund the cost of maintenance of these services.

Whilst land rates are a type of property tax and aims to tax owners of higher valued land more than owners of lower valued land in line with "ability to pay" taxation principles, there are other taxation principles that are of similar importance such as a "benefit received" principle where beneficiaries of any services should help contribute a fair amount towards those services.

Council believes that by readjusting the contribution of rates by rural owners, the mix of revenue collected between different areas can better reflect a balance between these two competing taxation principles.

WHICH RURAL PROPERTIES WILL RECEIVE THIS LOWER RATE?

Council is proposing that residential properties in rural areas will receive a lower rate however the residential properties that will be included in the "rural" area are not yet able to be properly determined as the legislation and regulations have not been released for Council to make a determination of the exact boundary between the rural and urban areas. It is intended however that rural properties around 1 hectare in size and greater will be the properties targeted for lower rates.

WHY HASN'T COUNCIL BROUGHT IN A LOWER RATE FOR RURAL AREAS PREVIOUSLY?

Over the years rural owners have made representations to Council about their high rates and lower service in rural areas from Council. Despite genuinely trying to find a fair way of reducing rates for rural owners, there has not been any viable or fairer options to change from the existing rates structure that has been in place for many decades.

Until now (before the legislative changes) the rating legislation only allowed for limited Residential sub-categorisations that would allow for different rates for residential properties in rural areas.

One of these options only allowed a specific Rural-Residential sub-category for properties that were between 2 and 40 hectares in size and had a dwelling on them. If Council was to adopt this sub-category previously, less than 50% of properties would have met the eligibility requirements to receive a discount, and the ineligible rural owners would suffer even higher rates increases to fund the discount for the eligible owners. This sub-category therefore could not be supported.

The only other Residential sub-category option was a sub-category based on “centres of population” which unfortunately for most councils in the Sydney Metropolitan areas including Penrith City Council do not exist due to the contiguous nature of Residential suburbs.

With the absence of being able to use sub-categorisation to provide lower rates for rural owners, the only other option was introducing a base rate structure where only part of the rate assessment is based on the land valuation with the other part being a fixed amount per property. All previous modelling of a change to this structure has indicated an unfair impact on a majority of property owners with over 30,000 residential property owners receiving rates increase in the first year of greater than \$200, particularly the most vulnerable owners including approximately 40% of all pensioners if Council was to adopt this structure.

In the absence of legislation that would allow a fair change, Council has been making attempts to have the legislation changed to allow further options. Council has made repeated representations on behalf of rural owners to the NSW Government for many years including providing feedback to the IPART Rating Inquiry, and making direct representations to Local Members of Parliament, Local Government Ministers and the NSW Premier.

Now that the legislation is changing, Council proposes to take the opportunity to look at the distribution of rates between property owners and make this distribution as fair as possible, particularly for community members residing in rural areas.

WHAT HARSHIP MEASURES DOES COUNCIL PROVIDE TO RATE PAYERS?

We look at every person's individual situation, so if you'd like to make a payment arrangement or ask for an extension please email us at rateshelp@penrith.city and tell us:

1. Your name
2. Your account number (from your rates notice)
3. Your address
4. Your mobile number
5. A brief explanation of your circumstances
6. When you may be able to make a full payment, or if you can make part payments, how much you can pay and how often (weekly, fortnightly or monthly)

Once we receive your email we will review your situation and send confirmation of your payment arrangement or account extension within 7 days.

WHAT IF I CAN'T PAY ANYTHING AT ALL RIGHT NOW?

Even if you can't make any payments on your rates, please email us at rateshelp@penrith.city and tell us:

1. Your name

2. Your account number (from your rates notice)
3. Your address
4. Your mobile number
5. A brief explanation of your circumstances
6. When you will be able to contact us again to review your account

Once we receive your email we will review your situation and send confirmation of your payment arrangement or account extension within 7 days.

WHAT RELIEF MEASURES CAN COUNCIL PUT IN PLACE FOR PENSIONERS?

Pensioners receive a rates rebate of up to \$250 plus an exemption from the stormwater charge of up to \$25 if the property is subject to this charge (rural properties are exempt from this charge), however if you are still finding it difficult to pay your rates please email us and tell us:

1. Your name
2. Your account number (from your rates notice)
3. Your address
4. Your mobile number
5. A brief explanation of your circumstances
6. When you may be able to make a full payment, or if you can make part payments, how much you can pay and how often (weekly, fortnightly or monthly)

WILL INTEREST BE CHARGED ON OVERDUE ACCOUNTS?

Generally, once your rates are more than one month overdue, you will be charged interest as required by *Section 566 of The Local Government Act*. The maximum interest rate is set by the NSW Government and will be 6% per annum for 2021-22.

IF I PUT A HOLD ON MY RATES, WON'T I JUST END UP WITH A BIGGER DEBT TO PAY BACK?

If you get an extension on your rates, you will still have to pay them. An extension will just give you more time, which may be useful if you expect your circumstances to change in the near future.

If you don't expect your circumstances to change, and you are able to, it may be better to make smaller, regular progress payments so that the overall amount does not get too high.

Please contact our rates team at rateshelp@penrith.city or on 4732 7676 to discuss which option might be best for you.

WHY DOES IT FEEL LIKE SOME AREAS GET MORE SERVICES THAN OTHERS?

Many of Council's services – for example our libraries, community events and customer experience – are provided in the same way, to the same standard, for every member of our community. Other services, like the Seniors Festival, sustainability workshops or playgrounds, are available to everyone, but are delivered to meet the needs of particular parts of our community. In addition, infrastructure

like roads, parks and footpaths are provided right across the City, but may be improved at different times. Council sets its works program on an annual basis, which means that in any one year we will spend more money renewing or replacing infrastructure in some parts of the City than in others.

In the same way that the further you drive a car, the more often you will need to get it serviced, we need to maintain and replace highly-used assets more often than those which are not used as much. This means that some roads are maintained more frequently than others, as the type and volume of traffic impacts how soon they wear out – trucks will damage roads faster than cars. We apply that same principle to all our assets, including playgrounds, sports fields and community buildings.

This can make it look like some areas are better looked after than others. Parts of Penrith that are used a lot, like Tench Reserve, St Marys Town Centre and Penrith City Centre, are maintained more often than areas which are used less. Over time, though, our works programs are designed to ensure that all our facilities right across the City are adequately maintained to provide a level of service that reflects their level of use.

HOW CAN I MAKE A SUBMISSION, AND WHAT WILL HAPPEN IF I DO?

You can make a submission to the 2021-22 Operational Plan exhibition, as this plan includes the budget and rating structure for this year. Submissions should be made through the Your Say website, there is a separate section for submissions which are just about rates.

If you make a submission to the plan, it will be reported to Council in late June and you will receive a letter telling you how your submission was considered.