

2022/23 Statement of Ordinary & Special Rates



Strategy – ordinary rates

Council will continue to levy ordinary rates using a structure comprising a base amount to which an ad valorem (rate in the dollar) component is added. The Base Amount will vary, depending on rating category/sub-category combination.

All rateable properties within each category / sub-category, regardless of their land value, are levied the base amount. The balance of income for ordinary rates is derived by multiplying the land value of a property by a rate in dollar for the relevant category / sub- category, which is determined by Council dependent on the property's dominant use. The amount payable by ratepayers under this component is dependent on the land value of the property. In addition, the total amount collected for ordinary rates each year will take account of any approved increase advised by the Minister.

Council has 4 categories of ordinary rate, being residential, farmland, business and mining. These categories are further divided into subcategories for residential and business. An ordinary rate will be applied to each parcel of rateable land within the Local Government Area in 2022/23.

The following is the structure of Council's rates:

Type	Category	Sub-Category	Basis
Ordinary	Residential	Lithgow Portland Wallerawang	Each parcel of rateable land valued as one assessment which can be categorised as Residential in accordance with the Local Government Act, 1993 within the Lithgow, Portland & Wallerawang urban areas as set out in the Lithgow Rate Categorisation Map.
Ordinary	Residential	Other	Each parcel of rateable land valued as one assessment which can be categorised as Residential in accordance with the Local Government Act, 1993 but cannot be categorised as 'Residential - Lithgow, Portland & Wallerawang'.
Ordinary	Farmland		Each parcel of rateable land valued as one assessment which can be categorised as Farmland in accordance with the Local Government Act, 1993.
Ordinary	Mining		Each parcel of rateable land valued as one assessment which can be categorised as Mining in accordance with the Local Government Act, 1993.
Ordinary	Business	Lithgow, Portland, Wallerawang	Each parcel of rateable land valued as one assessment which can be categorised as Business in accordance with the Local Government Act, 1993 within the Lithgow, Portland & Wallerawang urban areas as set out in the Lithgow Rate Categorisation Map.
Ordinary	Business	Other	Each parcel of rateable land valued as one assessment which can be categorised as Business in accordance with the Local Government Act, 1993 but cannot be categorised as either 'Business - Lithgow, Portland Wallerawang' or 'Business - Power Generation and Storage'.
Ordinary	Business	Power Generation and Storage	Each parcel of rateable land valued as one assessment which cannot be categorised as farmland, residential or mining and if its dominant use is as a centre for any of the following activities: a) the generation of, or capacity to generate, more than 15 megawatts of electricity; b) the storage of, or capacity to store, more than 50 megawatts of electricity.

Rating Structure

Ordinary rates under section 494 of the *Local Government Act 1993* and special rates under section 495 of the *Local Government Act 1993*.

In accordance with Section 497 of the Local Government Act 1993, the structure of the Ordinary Rate consists of a base amount and an ad valorem amount.

- the ad valorem amount is set to recover the cost of infrastructure
- the base amount is set to recover the cost of services and operations

Residential			
Category/Sub-Category	Base Amount (\$)	Ad Valorem Amount (c in the \$)	Yield
Residential/Lithgow	340.80	0.55045	5,152,082
Residential/Portland	281.25	0.42697	535,850
Residential/Wallerawang	296.90	0.40671	562,981
Residential/Other	239.45	0.27215	2,226,977
Farmland			
Farmland	444.35	0.22322	2,171,524
Business			
Business/Lithgow	468.55	2.05739	1,807,285
Business/Portland	468.55	1.25935	57,203
Business/Wallerawang	468.55	1.24218	127,658
Business/Other	317.40	0.26623	169,978
Business/Power Generation and Storage	10,207.15	1.5626	48,178
Mining			
Mining	11,748.30	1.87303	1,817,714
Total Estimated Yield			14,677,432

Parking Special Rate Income		
	Ad Valorem Amount (\$)	Estimated Yield (\$ GST Exclusive)
Designated area of Lithgow	0.76626	267,764

Rate Pegging

The rate peg determined by the Independent Pricing and Regulatory Tribunal (IPART) sets the maximum percentage by which a council may increase its general income for the year, excluding the addition of new properties.

This does not mean that each individual rate assessment will increase by that percentage but does mean that Council's total income from ordinary rates cannot exceed this percentage increase, excluding new properties created through subdivision during the year.

IPART's allowable increase for NSW Councils for the 2022-23 financial year has been set at 0.7%. Council has also allowed for IPART approval of its Additional Special Variation application, which brings the total permissible increase in rate to 2.5%. The rates increase has been applied in full to all rating categories.

The rate peg is determined by measuring changes in IPART's Local Government Cost Index (LGCI). The LGCI reflects the past increase in costs experienced by the average council. In calculating the annual rate peg, IPART may also take into account a productivity factor in addition to the LGCI.

As the local community grows, NSW councils are required to provide services to new residents. A sustainable and efficient rate peg system, which recognises the additional pressures of population growth, would allow councils to recoup the cost increases they face.

The rate peg allows for the general revenue of councils to increase with price increases each year. However, the rate peg does not expressly account for the increase in the volume of services that need to be provided to service population growth or to maintain new local infrastructure.

Under the current approach to the rate peg, councils can raise revenue to service the costs associated with population growth through developer contributions and special variations.

Land Valuations

The ad valorem component of the rate is calculated with reference to the unimproved land valuations issued by the NSW Valuer General every three years. The proportionate share of rates charged to each assessment is dependent on the land value of the property as compared with all other properties within the same rating category, and the rating structure determined by Council.

The valuation process occurs independently of Council and is something that Council cannot influence. Lithgow City Council properties were last revalued in 2019, and the next revaluation is due in 2022 for rating from 1 July 2023 to 30 June 2026.

Increases in land values do not necessarily lead to similar increases in rates, rather, changes to land valuations do cause a redistribution of the rate levied across all properties.

Special Rate Variation

Councils use the Special Rates Variation (SRV) process to apply for an increase in their total rate revenue, above the rate peg.

Interest

In accordance with section 566(3) of the *Local Government Act 1993*, the Minister for Local Government determines the maximum rate of interest payable on overdue rates and charges. The maximum rate of interest payable on overdue rates and charges for the period 1 July 2022 to 30 June 2023 (inclusive) will be 6.0% per annum.