



RATES HARMONISATION

From 1 July 2021, Dubbo Regional Council implemented a new rating structure as required by the NSW State Government. This is called Rates Harmonisation. To view the new revenue policy, [click here](#).

Previously, Dubbo Regional Council was using two different methods to calculate rates in Dubbo and in Wellington, and has since developed a single structure for all property owners across the Dubbo LGA, in order for all rated properties to fall under one of four categories, based on its characteristics and use:

1. Farmland – where the dominant use of the land is for farming or agricultural production, where the primary production has a significant and substantial commercial nature and a purpose of making a profit. Hobby farms do not meet the definition.
2. Residential – where the dominant use is for residential accommodation or rural residential land (except for hotels, caravan parks, nursing homes, etc). Vacant land is categorised residential, if it is zoned or designated for use as residential purposes.
3. Mining – where the dominant use is for a coal or metalliferous mine.

4. Business – all land that cannot be categorised as farmland, residential, or mining.

You can download the latest Fact Sheet about Rates Harmonisation [here](#).

RATING CATEGORIES

The below tables identify the different types of rating categories and subcategories proposed under the Rates Harmonisation. The links provide maps for where each category is.

You can read more about the rates categories, as outlined in the March Committee meetings, [here](#).

RESIDENTIAL

Residential sub-categories may be determined:

- according to whether land is rural residential, or
- according to a centre of population

As per the requirements of the Local Government Act 1993 both the former councils had a Residential Ordinary rating category. The existing Residential Ordinary categories must be merged. It is proposed that in addition to the Residential rate category the following sub-categories be retained in the new structure. Not all residential properties will be sub-categorised. The Residential rate will apply to properties that are not sub-categorised.

Residential Dubbo Urban

Residential Village

Residential Richmond

Residential Firgrove

Residential Wellington

Residential Geurie

BUSINESS

Business sub-categories may be determined:

- according to centre of activity

As per the requirements of the Local Government Act 1993, both the former councils had a Business Ordinary rating category. The existing Business Ordinary Categories have been merged. In addition to the Business rate category the following sub-categories have been retained in the new structure. Not all Business properties will be sub-categories. The business rate will apply to properties that are not sub-categorised.

Business CBD

Business East Dubbo

Business Cobra Street

Business Wellington Road

Business Wellington

Frequently Asked Questions

1. WILL THE CHANGE IN RATING CATEGORY CHANGE WHAT I CAN OR CANT DO ON MY PROPERTY? IS THERE A DIFFERENCE BETWEEN RATING CATEGORIES AND ZONING?

Categorisation for rating purposes has no correlation with the zoning of land. Zoning is for planning purposes (i.e. what types of developments can be undertaken on land) whereas land is categorised purely for rating purposes based on its primary use. Council is required to categorise all land as one of the four rating categories; Farmland, Residential, Mining or Business.

2. WHAT IS RATES HARMONISATION?

The NSW State Government requires all merged Councils to implement a harmonised rating structure by 1 July 2021. This is a process where Council reviews the existing rates being charged, and develops a single rating structure that distributes the rates burden fairly across the whole Dubbo Regional Council local government area.

Harmonisation is just another word for making the rating structure aligned across the local government area. So, if your property is categorised as farmland, and it is valued by the NSW State Government at \$800,000 you will pay the same rates no matter where your farm is located in the Dubbo local government area.

3. WHY ARE THESE RATE CHANGES REQUIRED?

Due to restrictions put in place by the NSW State Government at the time of the merger of Dubbo City Council and Wellington Council in 2016, Dubbo Regional Council has been using the two existing different methods to calculate rates in the Dubbo and Wellington area since the merger.

Legislation requires Council to merge some existing rating categories which will have various impacts on individual ratepayers. As such, under the current legislation, the increase or decrease in rates must be implemented in a single, one-off change.

The same applies for residential and business properties that are not within an area to which a rating sub-category applies.

4. DOES COUNCIL'S TOTAL RATES REVENUE INCREASE?

Council's total rates revenue will not increase through the rates harmonisation process. Rates harmonisation is about distribution of rates across the rating categories. Council's total rates revenue is capped at an increase of 2.0%, which is set by IPART (Independent Pricing and Regulatory Tribunal).

5. WILL MY RATES CHANGE?

Yes, everyone's rates changed as of 1 July 2021. Rates change every year with the annual IPART CPI increase, and every three years when the Valuer General reviews land values.

Under the proposed rating structure Council is required to merge some categories together, and make changes to other existing rating categories.

Properties from the former Wellington Council rating structure are proposed to change from a rating structure that included a Base Amount and an Ad valorem amount, to a new rating structure that will be an Ad valorem rate to which a Minimum rate applies.

6. WHAT IS AN AD VALOREM RATE?

An 'ad valorem' rate, means a rate in the dollar that is multiplied by the land valuation to determine the amount of rates payable.

7. DOES RATES HARMONISATION MEAN THAT EVERYONE PAYS THE SAME AMOUNT?

No, rates harmonisation is about developing a single harmonised rating structure across the local government area, rather than the two separate structures that were under the former Dubbo City Council and Wellington Council.

Council is legislated in the way we calculate your rates. The 'ordinary rate' payable on a property is determined by the category of the land and the valuation of the land.

8. HOW ARE MY RATES CALCULATED?

Your rates are based on the value of your land, not on the value of any dwellings or improvements on it. Your land value is set by the Valuer General on behalf of the NSW State Government.

Under the old rating structures, properties from the former Dubbo City Council rating structure paid an 'ad valorem' rate that is subject to a 'minimum amount', while properties from the former Wellington Council

rating structure paid a 'base rate' and an 'ad valorem' rate.

An 'ad valorem' rate means a rate in the dollar that is multiplied by the land valuation to determine the amount of rates payable.

Properties from the former Wellington Council rating structure will change from a rating structure that included a Base Amount and an Ad valorem amount, to a new rating structure that will be an Ad valorem rate to which a Minimum rate applies.

9. WHO PAYS RATES?

All landowners have to pay rates. This includes residential, business and farmland property owners.

10. WHAT ARE RATES USED FOR?

Your rates fund a range of services and facilities for the community. Rates are the main source of income for councils in NSW.

For more information about how your rates are used, [click here](#).

11. WHAT IS RATE PEGGING?

The rate peg is the maximum percentage amount that a council may increase its general income for the year, which is set by IPART. Rate pegging is applicable to all NSW Councils and limits the amount which Council can increase our general income.

12. WHAT IS IPART?

The Independent Pricing and Regulatory Tribunal (IPART) is an independent authority that regulates pricing for water, public transport, electricity, gas and local government. IPART sets the maximum percentage amount by which NSW councils can increase their rate income each year.

13. WHY IS COUNCIL ADOPTING A RATING STRUCTURE USING THE 'AD VALOREM' RATE THAT IS SUBJECT TO A MINIMUM RATE RATHER THAN BASE RATES?

The majority of properties within the Dubbo Local Government area paid rates under the former Dubbo City Council rating structure. Base Amounts and Minimum Rates both have the same result in ensuring properties with low land valuations contribute an appropriate amount of rates that reflect the level of services Council provides.

Council has considered the proposed structure carefully in an attempt to minimise the impact on ratepayers and achieve the same rate yield from the existing rate categories and most of the sub-categories.

Council has adopted a rating structure using the 'Ad Valorem' rate that is subject to a Minimum Rate as this structure minimises the number of properties significantly impacted by the rates harmonisation process.

The former Wellington Council rating structure included a Base Rate (fixed amount) payable and an Ad Valorem rate determined by multiplying the Ad Valorem rate by the land value. The total amount of income from the Base Rate and the Ad Valorem rates is retained under the new structure.

14. WHAT IS THE MINIMUM RATE AND WHO PAYS IT?

Minimum rates are a specific rate, where a minimum amount is levied on each parcel of land, regardless of the land value. This mostly applies to apartments and units, as these as dwellings share the land value of the land on which the apartments are built. As a result, their land values tend to be lower than houses, and they tend to pay substantially lower rates.

Properties with low land valuations in each category, compared to the average land value within the rating category, also tend to pay minimum rates. Council sets minimum rates applicable to each rating category and sub-category to reduce the gap between what different types of properties pay. This is because all ratepayers, whether they live in apartments or houses, or of the land value of their property, use council services like local roads.

15. IS THERE A DIFFERENT MINIMUM RATE FOR DIFFERENT RATING CATEGORIES?

Yes, Council applies different minimum rates for different rating categories and sub-categories depending on the level of services provided and other restrictions within the Local Government Act.

Council needs to apply to the Office of Local Government to include Minimum Rates that were applicable in the former Dubbo City Council rating structure in the new rating structure. This is required as Council had previously been approved to levy minimum rates above a 'Statutory Limit' that is set annually by IPART. Council is proposing to continue applying existing Minimum Rates as they reflect on the level of service provided to all properties within these rating categories. Should the Office of Local Government decline Council's application to retain the existing Minimum Rates that were applicable under the former Dubbo

Rating Structure, it will be necessary to reduce the Minimum Rates applicable to these rating sub-categories to the 'Statutory Minimum' being \$565.00 in 2021/2022 and increase the Ad Valorem rate (rate in the dollar) applicable to properties that do not pay the Minimum Rate.

16. WHAT ARE RATING CATEGORIES?

Your property is categorised for rating purposes based on its primary use. Each parcel of land within NSW falls within one of the four rating categories and all Councils are required to categorise each parcel based on its characteristics and use.

1. Farmland – where the dominant use of the land is for farming or agricultural production, where the primary production has a significant and substantial commercial nature and a purpose of making a profit. Hobby farms do not meet the definition.
2. Residential – where the dominant use is for residential accommodation or rural residential land (except for hotels, caravan parks, nursing homes, etc). Vacant land is categorised residential, if it is zoned or designated for use as residential purposes.
3. Mining – where the dominant use is for a coal or metalliferous mine.
4. Business – all land that cannot be categorised as farmland, residential, or mining.

In some areas, sub-categories are also applied to improve the equity of the rates structure. Properties not in a sub-category are required to be merged into one residential, business, farmland or mining category.

17. WHAT IF I DON'T AGREE WITH MY RATING CATEGORY?

If you don't agree with Council's categorisation of your property, you can contact Council in writing to request a review.

If you still don't agree with the categorisation following the review, you can appeal to the Land and Environment Court within 30 days of receiving our decision.

18. WILL I STILL GET THE PENSIONER REBATE?

Yes, residents who hold a pensioner concession card are still entitled to apply for a rate reduction.

19. WHAT DO I DO IF I HAVE TROUBLE PAYING MY RATES?

If you are having difficulty paying your rates, contact Council as soon as possible and discuss your situation frankly with the council staff.

Council recognises there are cases of genuine financial hardship requiring respect and compassion in special circumstances. Council has adopted a Financial Hardship Assistance Policy that requires us to apply the principles of fairness, integrity and confidentiality.

20. WHEN DID COUNCIL DECIDE ON ANY RATE CHANGES?

Council undertook consultation in April and May 2021. Council's Revenue Policy was on display with the Draft Operational Plan during May 2021 for public comment. Council adopted the rates, fees and charges to apply for the 2021/2022 financial year at its June 2021 Ordinary Council meeting.

Last Edited: 24 Aug 2021