



SNOWY MONARO
REGIONAL COUNCIL

BUSINESS PAPER

PUBLIC EXHIBITION COPY

**Extraordinary Council Meeting
24 May 2021**

CONFLICTS OF INTEREST

A conflict of interest arises when the Mayor or Council staff are influenced, or are seen to be influenced, in carrying out their duties by personal interests. Conflicts of interest can be pecuniary or non-pecuniary in nature.

A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of a financial gain or loss.

A non-pecuniary interest can arise as a result of a private or personal interest, which does not relate to money. Examples include friendship, membership of an association or involvement or interest in an activity.

The Mayor or staff member who considers they may have a conflict of interest should read Council Policy.

The responsibility of determining whether or not the Mayor or Council employee has a pecuniary or non-pecuniary interest in a matter, is the responsibility of that individual. It is not the role of the Mayor or Chief Executive Officer, or another Council employee to determine whether or not a person may have a conflict of interest.

COUNCIL CODE OF CONDUCT

The Council Code of Conduct is a requirement of Section 440 of the Local Government Act 1993, which requires all councils to have a code of conduct to be observed by the Mayor and Council employees attending a Council meeting or a meeting of a committee of Council.

The code of conduct sets out the responsibilities of the Mayor and Council employees attending a Council meeting or a meeting of a committee of Council. The code also sets out how complaints against a Council employee, the Mayor or Chief Executive Officer are to be made.

COUNCIL CODE OF MEETING PRACTICE

The Council Code of Meeting Practice is a requirement of Section 360(3) of the Local Government Act 1993, which requires all councils to have a code of meeting practice. The code of meeting practice is to be observed by the Administrator, members of staff, delegates of the Council and members of the public attending a Council or a meeting of a committee of Council.

Acknowledgement of Country

Council wishes to show our respect to the First Custodians of this land the Ngarigo, Walgalu, Ngunnawal and Bidjahal people and their Ancestors past and present.

Webcasting

Council meetings are recorded and live streamed to the internet for public viewing. By entering the Chambers during an open session of Council, you consent to your attendance and participation being recorded and streamed on Council's website www.snowymonaro.nsw.gov.au

**EXTRAORDINARY COUNCIL MEETING
TO BE HELD IN COUNCIL CHAMBERS, 81 COMMISSIONER STREET, COOMA NSW
2630**

**ON MONDAY 24 MAY 2021
COMMENCING AT 7.00PM**

BUSINESS PAPER

1. OPENING MEETING

2. ACKNOWLEDGEMENT OF COUNTRY

3. APPROVING COUNCILLORS ATTENDANCE BY AUDIO-VISUAL LINK

The amended local government regulations require Council to authorise the attendance of Councillors via audio-visual link.

RECOMMENDATION

That Council, consistent with Council's adopted procedures for attendance by councillors at meetings by audio-visual link approve the attendance of Councillor(s) _____ via remote audio-visual link.

4. APOLOGIES AND APPLICATIONS FOR LEAVE OF ABSENCE BY COUNCILLORS

5. DISCLOSURE OF INTEREST

(Declarations also to be made prior to discussions on each item)

6. OTHER REPORTS TO COUNCIL

6.1 KEY THEME 4. LEADERSHIP

6.1.1 Development of Rate Structure

3

7. Confidential matters

Nil

6.1.1 DEVELOPMENT OF RATE STRUCTURE

Record No:

Responsible Officer:	Chief Strategy Officer
Author:	Chief Strategy Officer
Key Theme:	4. Leadership Outcomes
CSP Community Strategy:	11.2 Council utilises sound fiscal management practices, pursues and attracts other sources of income
Delivery Program Objectives:	11.2.1 Council has best practice management for financial sustainability
Attachments:	Nil

Cost Centre

Project

Further Operational Plan Actions:

EXECUTIVE SUMMARY

Three options are discussed following previous discussions with the councillors on paths forward.

There are three main options:

- 1) Reduce the level of rates revenue to maintain an increase below a certain percentage and retain as many existing rates as possible to minimise change. (Opt 1B)
- 2) Raise the same level of revenue but retain as many existing rates as possible to minimise change. (Opt 1C)
- 3) Implement a new rating structure. (Opt 2)

If it is planned to implement a new system the principles that are considered important (in order of importance from the survey responses) is:

- Impact of changes are minimised where possible.
- Rates should reflect who benefits from the services.
- Rates should align with people's capacity to pay.

The various rate structures have been assessed against the criteria based on scoring each model against those factors and providing a score where one model is seen to provide an advantage over the other. Based on the relative advantage a higher score is received. This allow a comparison of the multiple principles that need to apply and can conflict with each other.

The previous reports can be used for further information on the relative impacts and benefits of the various models that have been developed. While changes occur as the underlying data is updated the information at the higher strategic level remains materially the same.

The following officer's recommendation is submitted for Council's consideration.

OFFICER'S RECOMMENDATION

That Council set its rates policy as follows:

- A. There will only be one subcategory, which is for the centre of activity being electricity generation.
- B. The business, farmland, mining and residential categories of rates will pay a base rate and an ad valorem rate.
- C. That rate will be the same for the business, farmland and residential categories.
- D. The subcategory of electricity generation will be set at 2.5 times the rate set for the business category, to reflect the increased capacity to pay of this business type.
- E. The category of mining will be set to 2.5 times the rate set for the business category, to reflect the increased capacity to pay of this business type.
- F. The base rate will be determined by calculating the maximum level that can be applied to not breach the requirement for only 50% of the rates levied to come from the base rate.
- G. The ad valorem will then be calculated to raise the maximum permissible yield.
- H. As part of developing the delivery plan following a Council election the Council will determine the proposed cost of delivering services to the different localities across the region and determine whether the rate structures align reasonably with the cost of providing services to the various landowners based on the rating categories and potential sub categories.

BACKGROUND

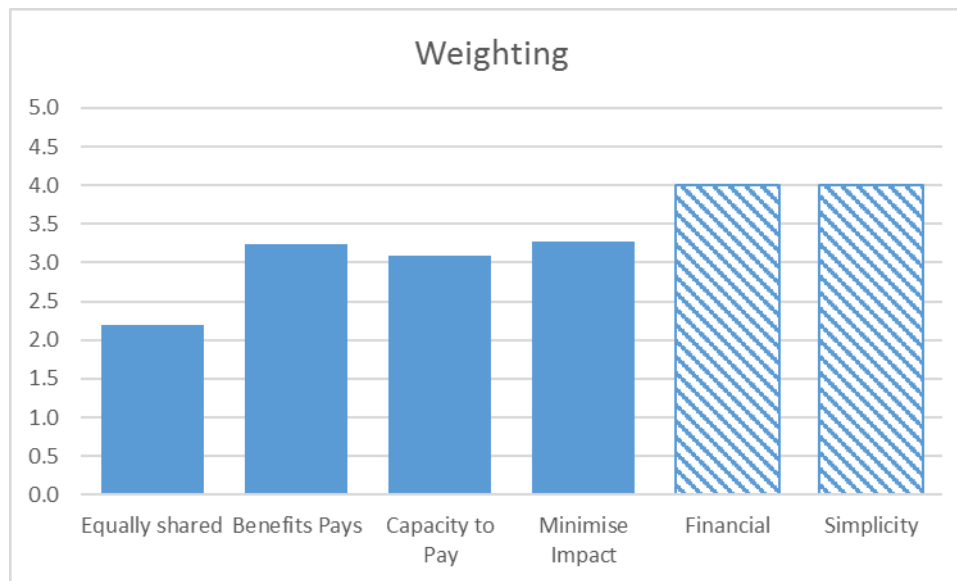
This report is focused on looking at the main issues that the councillors are seeking to determine. Primarily this is the conflict between wanting to have in place a fair and equitable system and the level of financial impact such a change will have on the community, especially considering the string of recent events that have impacted on the economy.

There are three main approaches:

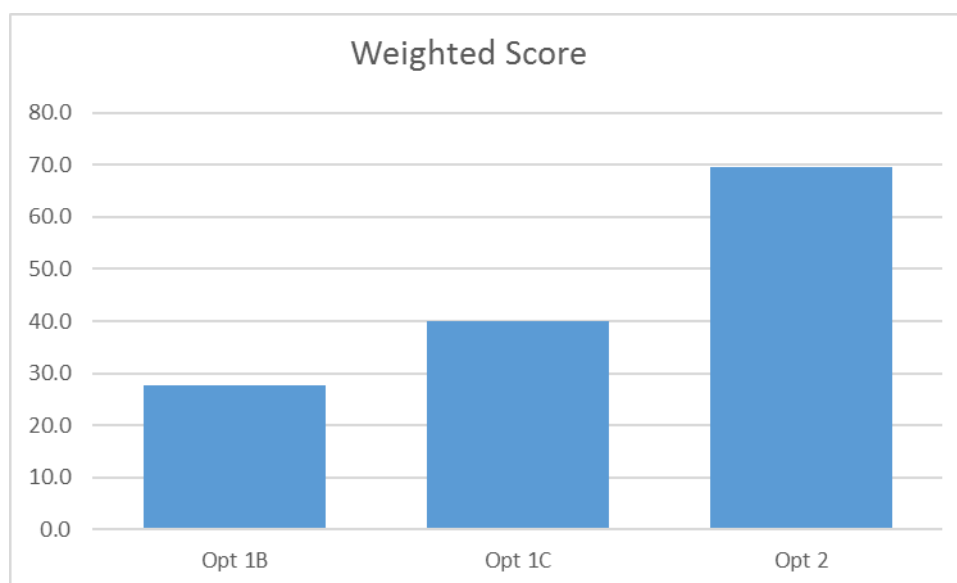
- 1) Limit increases to a certain percentage or dollar increase and raise less revenue. (Opt 1B)
- 2) Minimise the extent of changes and retain existing rate structures (as much as possible) and continue with a system where different landowners pay different rates based on historical decisions. (Opt 1C)
- 3) Introduce a new rating approach that is considered fair and equitable but impacts on many individuals. (Opt 2)

The various rate structures have been assessed against the criteria based on scoring each model against those factors using the weighting derived from the survey responses. While there level of response is not statistically significant, it can be considered a guide of the views of those who were willing to take the effort to respond. The survey criteria were added to with an assessment of the impact on the financial sustainability of the Council and whether the models were able to be easily explained and understood as to the principles driving the way rates were determined. This gave the following weightings.

6.1.1 DEVELOPMENT OF RATE STRUCTURE



After assessment the following score were derived for the models under consideration.



It would appear that if a new structure is to be introduced that a simple model, treating all landowners the same and allowing the value of the land to determine the capacity to pay is most likely going to meet the expectations of the community. It aligns well with how rates would be generated based on the cost of providing services to the different parts of the community if you agree that services in the smaller communities (with the lower household incomes) should be subsidised to an extent due to the high cost per landowner.

Provision has been included in the policy to review the alignment between the benefits derived and the rates levied as part of the process of determining the delivery plan following each election. This will assist in providing the community more certainty that the rates are reasonably reflective of who is deriving the benefits.

What does the harmonisation legislation allow?

The changes to the Local Government Act (Act) allowing for up to 8 years for the harmonisation process do not enable the Council to avoid the main impacts created by bringing the various rate

6.1.1 DEVELOPMENT OF RATE STRUCTURE

structures together. This is because the changes still need to be applied uniformly across a rate category or sub category. This would be OK if you had three structures using the same type of rate (eg base of minimum) and you were looking to move those groups to the average. Unfortunately, that is not what Council has in place.

The legislation allows gradual change by putting in place resolution that changes the amount of the ordinary rate by no more than 50% of the change between the starting and ending structures in any one year. "Amount of the ordinary rate" and "rate structure" are terms already used in the Act, which apply to the components that make up the rate; the number that is the base/minimum and the number that is the ad valorem. Council can set those numbers at any level they resolve to each year under the pre-existing legislation.

OLG has indicated that of the merged councils only two are planning on using the gradual harmonisation provisions. Those are both cases where the councils are bringing together categories with very different minimum rates and the changes to the minimum amount will be implemented over several years.

Following is information on the greatest impacts on landowners under the three models. It needs to be considered that these are comparing like for like. After a rate structure is determined the 2% rate peg will be applied to the rates.

Table 1: Top 10 benefits by percentage – Option 1B

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Business</i>	BOMBALA	\$403,000	\$4,615.56	-64.63%	-\$2,983.15
<i>Residential</i>	BUNGARBY	\$300	\$613.68	-61.78%	-\$379.16
<i>Business</i>	BIBBENLUKE	\$630	\$613.68	-61.51%	-\$377.49
<i>Residential</i>	CATHCART	\$1,560	\$613.68	-61.36%	-\$376.54
<i>Residential</i>	MILA	\$2,020	\$613.68	-61.20%	-\$375.58
<i>Residential</i>	HOLTS FLAT	\$2,100	\$613.68	-61.17%	-\$375.41
<i>Residential</i>	BERRIDALE	\$100	\$600.28	-61.00%	-\$366.17
<i>Residential</i>	BOMBALA	\$2,780	\$613.68	-60.94%	-\$374.00
<i>Residential</i>	COOMA	\$660	\$600.28	-60.81%	-\$365.01
<i>Residential</i>	MOONBAH	\$1,580	\$600.28	-60.49%	-\$363.10

Table 2: Top 10 disadvantaged by percentage – Option 1B

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Farmland</i>	ADAMINABY	\$905,000	\$2,851.25	9.95%	\$283.67
<i>Farmland</i>	MOONBAH	\$332,000	\$1,265.25	9.94%	\$125.83
<i>Farmland</i>	ROCKY PLAIN	\$166,000	\$632.63	9.94%	\$62.91
<i>Farmland</i>	DALGETY	\$166,000	\$632.63	9.94%	\$62.91
<i>Farmland</i>	INGEBIRAH	\$166,000	\$632.63	9.94%	\$62.91
<i>Farmland</i>	CRACKENBACK	\$497,000	\$1,894.07	9.94%	\$188.36

6.1.1 DEVELOPMENT OF RATE STRUCTURE

<i>Farmland</i>	BRAEMAR BAY	\$497,000	\$1,894.07	9.94%	\$188.36
<i>Farmland</i>	SNOWY PLAIN	\$497,000	\$1,894.07	9.94%	\$188.36
<i>Farmland</i>	COOLRINGDON	\$655,000	\$2,496.21	9.94%	\$248.25
<i>Farmland</i>	WAMBROOK	\$361,000	\$1,375.77	9.94%	\$136.82

Table 3: Top 10 benefits by percentage – Option 1C

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Residential</i>	BUNGARBY	\$300	\$613.68	-61.78%	-\$379.16
<i>Business</i>	BIBBENLUKE	\$630	\$613.68	-61.51%	-\$377.49
<i>Business</i>	BOMBALA	\$403,000	\$4,615.56	-64.63%	-\$2,983.15
<i>Residential</i>	BERRIDALE	\$100	\$600.28	-61.00%	-\$366.17
<i>Residential</i>	CATHCART	\$1,560	\$613.68	-61.36%	-\$376.54
<i>Residential</i>	COOMA	\$660	\$600.28	-60.81%	-\$365.01
<i>Residential</i>	MILA	\$2,020	\$613.68	-61.20%	-\$375.58
<i>Residential</i>	HOLTS FLAT	\$2,100	\$613.68	-61.17%	-\$375.41
<i>Business</i>	DRY PLAIN	\$1,240	\$600.28	-60.30%	-\$361.98
<i>Business</i>	FRYING PAN	\$1,320	\$600.28	-60.26%	-\$361.70

Table 4: Top 10 disadvantaged by percentage – Option 1C

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Residential</i>	JIMENBUEN	\$205,000	\$600.45	82.48%	\$495.26
<i>Residential</i>	AVONSIDE	\$205,000	\$600.45	82.48%	\$495.26
<i>Residential</i>	BERRIDALE	\$205,000	\$600.45	82.48%	\$495.26
<i>Residential</i>	COOLRINGDON	\$207,000	\$606.30	82.11%	\$497.81
<i>Residential</i>	BELOKA	\$207,000	\$606.30	82.11%	\$497.81
<i>Residential</i>	DALGETY	\$207,000	\$606.30	82.11%	\$497.81
<i>Residential</i>	INGEBIRAH	\$204,000	\$600.28	81.83%	\$491.22
<i>Residential</i>	INGEBIRAH	\$204,000	\$600.28	81.83%	\$491.22
<i>Residential</i>	DRY PLAIN	\$204,000	\$600.28	81.83%	\$491.22
<i>Residential</i>	HILL TOP	\$204,000	\$600.28	81.83%	\$491.22

Table 5: Top 10 benefits by percentage – Option 2

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Business</i>	BOMBALA	\$262,000	\$5,793.34	-77.08%	-\$4,465.26
<i>Business</i>	COOMA	\$1,960,000	\$25,650.49	-73.02%	-\$18,728.86
<i>Business</i>	BOMBALA	\$171,000	\$3,781.15	-72.80%	-\$2,752.84

6.1.1 DEVELOPMENT OF RATE STRUCTURE

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Business</i>	COOMA	\$1,120,000	\$14,844.73	-72.01%	-\$10,690.23
<i>Business</i>	COOMA	\$1,040,000	\$13,815.61	-71.84%	-\$9,924.64
<i>Business</i>	POLO FLAT	\$807,400	\$10,823.44	-71.13%	-\$7,698.71
<i>Business</i>	COOMA	\$764,000	\$10,265.15	-70.95%	-\$7,283.38
<i>Business</i>	COOMA	\$745,700	\$10,029.73	-70.87%	-\$7,108.25
<i>Business</i>	COOMA	\$742,000	\$9,982.14	-70.85%	-\$7,072.84
<i>Business</i>	COOMA	\$729,000	\$9,814.91	-70.79%	-\$6,948.43

Table 6: Top 10 disadvantaged by percentage – Option 2

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Residential</i>	EUCUMBENE	\$50,800	\$600.28	163.35%	\$980.58
<i>Business</i>	EAST JINDABYNE	\$96,300	\$748.15	161.39%	\$1,207.42
<i>Residential</i>	DELEGATE	\$270,000	\$530.01	155.55%	\$824.42
<i>Residential</i>	DELEGATE	\$198,000	\$451.10	147.67%	\$666.15
<i>Business</i>	JINDABYNE	\$35,100	\$600.28	141.81%	\$851.29
<i>Business</i>	JINDABYNE	\$16,900	\$600.28	116.85%	\$701.40
<i>Residential</i>	JINDABYNE	\$7,260	\$600.28	103.62%	\$622.01
<i>Business</i>	JINDABYNE	\$7,260	\$600.28	103.62%	\$622.01
<i>Residential</i>	JINDABYNE	\$4,360	\$600.28	99.64%	\$598.13
<i>Residential</i>	PEAK VIEW	\$130	\$234.49	98.48%	\$230.93

Table 7: Top 10 benefits by amount – Option 1B

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Business</i>	JINDABYNE	\$1,920,000	\$14,467.20	-52.33%	-\$7,570.80
<i>Business</i>	JINDABYNE	\$1,880,000	\$14,165.80	-52.30%	-\$7,408.20
<i>Farmland</i>	NIMMITABEL	\$2,920,000	\$13,633.48	-53.66%	-\$7,315.98
<i>Business</i>	JINDABYNE	\$1,730,000	\$13,035.55	-52.15%	-\$6,798.45
<i>Business</i>	JINDABYNE	\$1,580,000	\$11,905.30	-51.98%	-\$6,188.70
<i>Business</i>	JINDABYNE	\$1,370,000	\$10,322.95	-51.68%	-\$5,335.05
<i>Business</i>	BUCKENDERRA	\$1,320,000	\$9,946.20	-51.60%	-\$5,131.80
<i>Business</i>	JINDABYNE	\$1,230,000	\$9,268.05	-51.42%	-\$4,765.95
<i>Business</i>	JINDABYNE	\$1,220,000	\$9,192.70	-51.40%	-\$4,725.30
<i>Business</i>	JINDABYNE	\$1,000,000	\$7,535.00	-50.84%	-\$3,831.00

6.1.1 DEVELOPMENT OF RATE STRUCTURE

Table 8: Top 10 disadvantaged by amount – Option 1B

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Business</i>	ADAMINABY	\$42,600,000	\$330,959.40	9.92%	\$32,844.60
<i>Business</i>	JINDABYNE	\$15,689,300	\$121,890.17	9.92%	\$12,096.45
<i>Farmland</i>	THE BROTHERS	\$14,000,000	\$53,354.00	9.94%	\$5,306.00
<i>Business</i>	COOMA	\$1,960,000	\$25,650.49	9.90%	\$2,540.11
<i>Farmland</i>	DELEGATE	\$4,510,000	\$21,057.19	9.87%	\$2,079.11
<i>Farmland</i>	QUIDONG	\$4,440,000	\$20,730.36	9.87%	\$2,046.84
<i>Farmland</i>	CORROWONG	\$3,610,000	\$16,855.09	9.87%	\$1,664.21
<i>Farmland</i>	MOUNT COOPER	\$3,590,000	\$16,761.71	9.87%	\$1,654.99
<i>Farmland</i>	GUNNINGRAH	\$3,430,000	\$16,014.67	9.87%	\$1,581.23
<i>Business</i>	COOMA	\$1,120,000	\$14,844.73	9.78%	\$1,451.47

Table 9: Top 10 benefits by amount – Option 1C

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Business</i>	JINDABYNE	\$1,920,000	\$14,467.20	-46.91%	-\$6,786.40
<i>Business</i>	JINDABYNE	\$1,880,000	\$14,165.80	-46.87%	-\$6,640.15
<i>Business</i>	JINDABYNE	\$1,730,000	\$13,035.55	-46.73%	-\$6,091.68
<i>Business</i>	JINDABYNE	\$1,580,000	\$11,905.30	-46.56%	-\$5,543.22
<i>Farmland</i>	NIMMITABEL	\$2,920,000	\$13,633.48	-36.31%	-\$4,949.68
<i>Business</i>	JINDABYNE	\$1,370,000	\$10,322.95	-46.26%	-\$4,775.38
<i>Business</i>	BUCKENDERRA	\$1,320,000	\$9,946.20	-46.17%	-\$4,592.56
<i>Business</i>	JINDABYNE	\$1,230,000	\$9,268.05	-46.00%	-\$4,263.48
<i>Business</i>	JINDABYNE	\$1,220,000	\$9,192.70	-45.98%	-\$4,226.92
<i>Farmland</i>	THE BROTHERS	\$14,000,000	\$53,354.00	-6.63%	-\$3,537.60

Table 10: Top 10 disadvantaged by amount – Option 1C

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Residential</i>	KALKITE	\$1,400,000	\$4,100.60	49.23%	\$2,018.82
<i>Farmland</i>	GLEN ALLEN	\$1,200,000	\$3,591.70	55.99%	\$2,011.10
<i>Residential</i>	ADAMINABY	\$1,140,000	\$3,339.06	50.53%	\$1,687.34
<i>Residential</i>	KALKITE	\$1,080,000	\$3,163.32	50.92%	\$1,610.84
<i>Residential</i>	CRACKENBACK	\$970,000	\$2,841.13	51.76%	\$1,470.60
<i>Residential</i>	ROCKY PLAIN	\$950,000	\$2,782.55	51.93%	\$1,445.10
<i>Farmland</i>	BOBUNDARA	\$1,550,000	\$4,470.20	32.14%	\$1,436.85
<i>Residential</i>	CRACKENBACK	\$929,000	\$2,721.04	52.12%	\$1,418.32
<i>Residential</i>	BERRIDALE	\$798,000	\$2,337.34	53.54%	\$1,251.31

6.1.1 DEVELOPMENT OF RATE STRUCTURE

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Residential</i>	CRACKENBACK	\$783,000	\$2,293.41	53.73%	\$1,232.18

Table 11: Top 10 benefits by amount – Option 2

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Business</i>	COOMA	\$1,960,000	\$25,650.49	-73.02%	-\$18,728.86
<i>Business</i>	COOMA	\$1,120,000	\$14,844.73	-72.01%	-\$10,690.23
<i>Business</i>	COOMA	\$1,040,000	\$13,815.61	-71.84%	-\$9,924.64
<i>Business</i>	POLO FLAT	\$807,400	\$10,823.44	-71.13%	-\$7,698.71
<i>Business</i>	JINDABYNE	\$1,920,000	\$14,467.20	-53.07%	-\$7,677.34
<i>Business</i>	JINDABYNE	\$1,880,000	\$14,165.80	-53.00%	-\$7,507.70
<i>Business</i>	COOMA	\$764,000	\$10,265.15	-70.95%	-\$7,283.38
<i>Business</i>	COOMA	\$745,700	\$10,029.73	-70.87%	-\$7,108.25
<i>Business</i>	COOMA	\$742,000	\$9,982.14	-70.85%	-\$7,072.84
<i>Business</i>	COOMA	\$729,000	\$9,814.91	-70.79%	-\$6,948.43

Table 12: Top 10 disadvantaged by amount – Option 2

<i>Class</i>	<i>Locality</i>	<i>Land Value</i>	<i>Current Rates</i>	<i>% Change</i>	<i>\$ Change</i>
<i>Business</i>	ADAMINABY	\$42,600,000	\$330,959.40	6.36%	\$21,035.40
<i>Business</i>	JINDABYNE	\$15,689,300	\$121,890.17	6.96%	\$8,481.56
<i>Farmland</i>	COUNTEGANY	\$5,080,000	\$13,330.50	29.02%	\$3,869.04
<i>Farmland</i>	PEAK VIEW	\$3,600,000	\$9,615.70	28.17%	\$2,708.42
<i>Farmland</i>	ROCK FLAT	\$3,180,900	\$8,563.76	27.79%	\$2,379.76
<i>Farmland</i>	KYBEYAN	\$3,138,400	\$8,457.08	27.75%	\$2,346.43
<i>Farmland</i>	ANEMBO	\$2,880,000	\$7,808.50	27.45%	\$2,143.80
<i>Farmland</i>	JERANGLE	\$2,830,000	\$7,683.00	27.39%	\$2,104.59
<i>Farmland</i>	BILLILINGRA	\$2,760,000	\$7,507.30	27.30%	\$2,049.69
<i>Farmland</i>	KYBEYAN	\$2,715,700	\$7,396.11	27.24%	\$2,014.95

Alternative resolutions for other rating structures

To assist if Council wishes to adopt a different approach to that recommended the following text sets out the policies that would achieve the alternative options that are considered in this report.

Option to cap rates at 10%

That Council set its rates policy as follows:

- A. The rates structure is not to change so that the variation from the former council's rates structures exceed 10% for any individual ratable land holding as part of the harmonisation process.

6.1.1 DEVELOPMENT OF RATE STRUCTURE

- B. Farmland is to be sub categorized by localities and grouped with other localities that were in the same former local government area.
- C. Where a locality covers more than one local government area it will be placed in its own sub category.
- D. The former base rates and minimum rates are to be retained where possible. Where this was not possible the decision on use of minimum and base rates is determined by which method leads to the lowest maximum percentage increase.
- E. Those rate categories with an increase of greater than 10% for any individual ratable land holding due to harmonization are to be scaled down to ensure no landowner has an increase of over 10%.
- F. Where this leads to the maximum permissible rate not being fully levied, those rate categories with a maximum increase of less than 10% will be scaled up to the point where the maximum increase for any ratable land holding is not greater than 10%.

Option to minimise changes with no cap

That Council set its rates policy as follows:

- A. The former base rates and minimum rates are to be retained where possible. Where this was not possible the decision on the use of minimum and base rates is determined by which previous rate structure leads to the lowest maximum percentage increase.
- B. Farmland is to be sub categorized by localities and grouped with other localities that were in the same former local government area.
- C. Where a locality covers more than one local government area it will be placed in its own sub category.
- D. New rating categories and sub categories will be based on the equivalent base rate and ad valorem structure previously in place.
- E. Where farmland properties within a locality cover more than one former council area the locality will be included in the sub category that creates the lowest maximum percentage increase for any individual rate parcel as a result of the changed rate structure.

QUADRUPLE BOTTOM LINE REPORTING

1. Social

The recommendation will lead to a shift in the balance between what ratepayers contribute. This will economically disadvantage some people and disadvantage others. Having a simple rating system that also aligns with the benefits (as defined by cost of service) will improve social cohesion so there is less angst about who is subsidising others.

2. Environmental

N/a.

3. Economic

The recommendation had a nil impact on the finances of the Council. Capping the rates to 10% (Option 1B) will have the impact of reducing revenue by \$377,400 per annum. This would need to be offset by reduced expenditure on service delivery as there is no capacity to absorb this loss.

4. Civic Leadership

The following roles of the governing body are relevant in making this decision:

- To ensure as far as possible the financial sustainability of the council.
 - To determine and adopt a rating and revenue policy and operational plans that support the optimal allocation of the council's resources to implement the strategic plans (including the community strategic plan) of the council and for the benefit of the local area.
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