



SNOWY MONARO
REGIONAL COUNCIL

Late Report

PUBLIC EXHIBITION COPY

Ordinary Council Meeting
20 May 2021

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

**ON THURSDAY 20 MAY 2021
COMMENCING AT 5:00PM**

LATE REPORT

9 OTHER REPORTS TO COUNCIL

9.4 KEY THEME 4. LEADERSHIP

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9.4.1 NEW LEGISLATION - LOCAL GOVERNMENT ACT: PROPOSALS FOR DE-AMALGAMATIONS

Record No:

Responsible Officer: Chief Strategy Officer
Author: Chief Strategy Officer
Key Theme: 4. Leadership Outcomes
CSP Community Strategy: 10.2 Sound governance practices direct Council business and decision making
Delivery Program Objectives: 10.2.2 Councillors are supported to make informed decisions in the best interest of the community and to advocate on behalf of the community
Attachments: Nil

Cost Centre

Project

Further Operational Plan Actions:

EXECUTIVE SUMMARY

In the business paper is a notice on motion in relation to holding a poll on de-amalgamating. Since the business paper has been prepared new legislation has been passed that may be relevant to the item in the business paper.

The Local Government Amendment Bill 2021 includes a provision that allows Council to submit a written business case to the Minister to de-amalgamate. The business case must be submitted by the Minister to the Boundary's Commission for review.

Details of what is required in the business case are not known. This means that the cost of preparing the business case cannot be known at this stage. As the legislation requires the NSW Government to fund the de-amalgamation it is expected that the business case will require sufficient detail to identify the costs of any proposal.

This will not stop Council from holding a poll, but will potentially impact on the process that would be followed.

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

OFFICER'S RECOMMENDATION

That Council note the information.

BACKGROUND

The new clause is as follows:

218CC Proposals for de-amalgamations

- (1) The new council may, within 10 years of the constitution of the new area, submit a written business case to the Minister setting out—
 - (a) a proposal for the de-amalgamation of the new area, whether by reconstituting the former areas or constituting different areas, and
 - (b) the reasons in support of the proposal.
- (2) The Minister must, within 28 days after the business case is submitted, refer the de-amalgamation proposal to the Boundaries Commission with a direction that it conduct an inquiry and report on the proposal.
- (3) Without limiting subsection (2) or section 263, the Boundaries Commission may in its report recommend that—
 - (a) the de-amalgamation proposal be supported, or
 - (b) the de-amalgamation proposal be rejected, or
 - (c) a different de-amalgamation proposal be supported.
- (4) The Minister must ensure that the report of the Boundaries Commission is publicly released within 48 hours after it is provided to the Minister.
- (5) The Minister must, within 28 days after the report is provided to the Minister, provide a written response to the new council setting out—
 - (a) whether or not the Minister supports the de-amalgamation proposal or a different de-amalgamation proposal recommended by the Boundaries Commission, and
 - (b) the reasons for the Minister's decision, and
 - (c) if the Minister supports the de-amalgamation proposal or the different de-amalgamation proposal—the anticipated time frame for giving effect to the proposal.
- (6) The Minister is, by making grants under section 620 or using money otherwise appropriated by Parliament for the purpose, to ensure that the cost of any de-amalgamation of the new area resulting from a business case submitted under this section is fully funded.
- (7) This section extends to new areas constituted before the commencement of this section.
- (8) In this section—

new area means the area constituted by the amalgamation of areas (former areas) by the relevant proclamation.

new council means the council of a new area constituted by section 219.

relevant proclamation means the proclamation made pursuant to Chapter 9, Part 1 that amalgamates former areas into the new area and constitutes the new council.

QUADRUPLE BOTTOM LINE REPORTING

1. Social

Nil.

2. Environmental

Nil.

3. Economic

The Council would have to wear the cost of development of a business case. While it is not possible to determine the required effort it is expected that this may be up to \$50,000.

Should the Council undertake a poll and then decided to lodge a proposal to demerge this work would still need to be undertaken.

4. Civic Leadership

Nil.

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9.4.2 NEW LEGISLATION - LOCAL GOVERNMENT ACT: RATES HARMONISATION

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

The rates harmonisation legislation does not allow individual rate to be adjusted, only the rates across a category. All of the options for names have been reviews and will still have some localities that will have to combine different rates. These will lead to increases over 10%.

The new provisions would allow the Council to implement at 10% cap model with a lower impact on the revenue raised by the Council. They would also allow the retention of more of the previous rating structures. Based on the assessment of the important principles, neither of these options is considered in the best interests of the broader community. The resulting rate structures will not be considered fair or equitable by the community.

Compared to the previous option, retaining three subcategories of farmland, roughly based on the former areas) leads to a revenue shortfall of \$1.36million, down from the previous \$2.3million. This is because other farmland can be scaled up to offset the rate categories scaled down previously.

Having selected included those localities within the rate structure providing the lowest percentage increase it was then a matter of determining if a separate rate should be set for those to allow for the reduction in rates to meet the 10% cap. Doing so decreases the revenue shortfall to \$377,000 as a smaller group of landowners is scaled down (260, or 9% of farmland).

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

OFFICER'S RECOMMENDATION

That Council note the information.

BACKGROUND

The NSW Government enacted new legislation that impacts on the process of rates harmonisation. A key change is the introduction of sub categories for farmland. Should the Council wish to have differing rates for different localities this can now be done.

It is not possible to exactly match the localities to the former council areas, as some localities or parishes overlap the former boundaries. The information from the Geographical Name Board indicated that each locality only existed in a single former local government area. Review of the individual rate assessments has shown this is not the case. In these cases the rate structure that creates the lower percentage change was selected to apply to that sub category.

Split localities are:

- Adaminaby
- Bobundarra
- Cooma
- Glen Allen
- Nimmitabel
- Yaouk

This requires the categories within which those properties fall to then be scaled back so that no increases of more than 10% occur.

Compared to the previous option retaining three subcategories of farmland, roughly based on the former areas) leads to a revenue shortfall of \$1.36million, down from the previous \$2.3million. This is because other farmland can be scaled up to offset the rate categories scaled down previously.

The legislation also allows for a rate to be set for any particular locality (As identified by the Geographical Names Board). This will allow for farmland rates at a fairly small scale. This approach further reduces the loss of revenue, with \$377,000 shortfall occurring.

A further option was developed to show the ability to retain the existing farmland rate structures, as much as possible, and the impact that would have.

The options were assessed, including an updated financial assessment, to see whether they provide improved outcomes. The assessment indicates that the options available under the harmonisation legislation, while reducing the impact on a range of individual landowners, is not the best outcome for the community. This is because they still only address one aspect of the important matters to the community.

While they reduce the increases, they are not easy to understand and do not align with the principles that those benefiting pay or those with the capacity should pay more. As such they will continue the current discontent within the community around whether landowners are paying a fair and equitable rate.

The options developed do not change the position that the option most aligned with the communities principles is option 2.

Table 1: Relative advantage of different rating structures

	EQUALLY SHARED	BENEFITS PAYS	CAPACITY TO PAY	MINIMISE IMPACT	FINANCIAL	SIMPLICITY	SCORE
WEIGHTING	2.2	3.2	3.1	3.3	4	4	
Opt 1 - 10% cap	4.0	3.2	3.1	20.3	0.0	0.0	30.6
Opt 1A – 10% cap Former farmland	2.6	1.9	0.0	17.0	2.4	0.0	24.0
Opt 1B – 10% cap Locality farmland	2.2	1.9	0.0	17.0	6.4	0.0	27.6
Opt 1C – Former Structure, no cap	2.2	0.0	1.9	14.4	21.6	0.0	40.1
Opt 2 – pay same	9.7	18.2	14.9	4.6	16.8	5.6	69.7
Opt 3 – service costs	12.3	22.1	11.1	0.0	16.8	0.0	62.3
Opt 4 - minimums	0.0	14.3	5.6	2.0	16.8	5.6	44.2

If the only objective of the Council is to decrease the number of landowners seeing an increase of less than 10%, option 1B will achieve this with the lowest impact on the financial sustainability of the Council. Option 1 achieves the lowest combination of maximum increases and percentage increases, with the maximum change in farmland decreasing by \$4,000. The maximum increases in the other categories do not change. The farmland rate equates to a 10% increase on their current rates.

The following variability will come into the farmland rate structures under each of the new options considered:

Table 2: Farmland Rates (Option 1A):

Quartile	Land Value	Bombala	Cooma	Snowy
<i>Min</i>	\$270	\$613.68	\$437.53	\$613.68
<i>1st</i>	\$184,000	\$943.92	\$798.56	\$613.68
<i>Median</i>	\$306,000	\$1,569.78	\$1,038.29	\$970.02

Quartile	Land Value	Bombala	Cooma	Snowy
<i>3rd</i>	\$518,000	\$2,657.34	\$1,454.87	\$1,642.06
<i>Max</i>	\$14,000,000	\$71,820.00	\$27,947.00	\$44,380.00

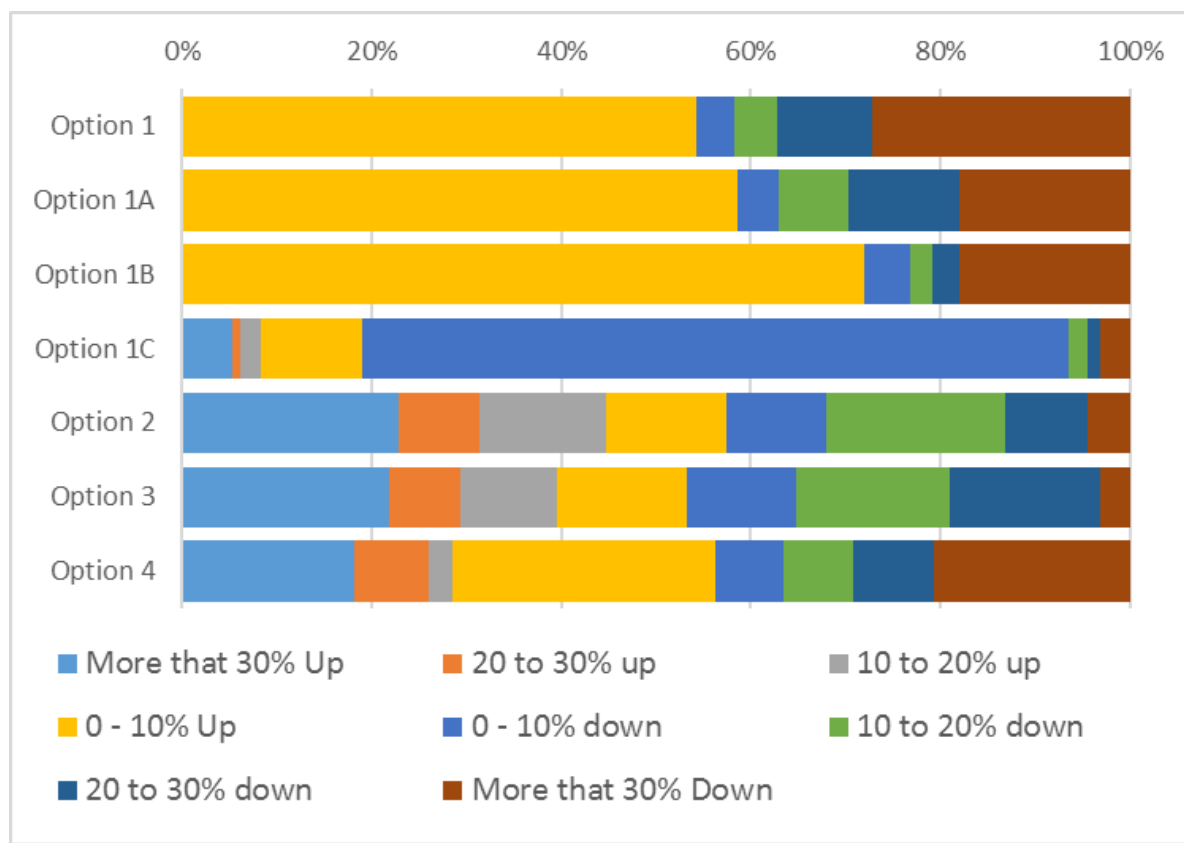
Table 3: Farmland Rates (Option 1B):

Quartile	Land Value	Bombala	Cooma	Snowy	Adaminaby	Bobundara	Cooma Locality	Glen Allen	Nimmitabel	Yaouk
<i>Min</i>	\$270	\$613.68	\$610.75	\$613.68	\$613.68	\$613.68	\$613.68	\$613.68	\$613.68	\$613.68
<i>1st</i>	\$184,000	\$943.92	\$1,118.76	\$770.96	\$637.38	\$613.68	\$648.42	\$613.68	\$613.68	\$621.09
<i>Median</i>	\$306,000	\$1,569.78	\$1,456.09	\$1,282.14	\$1,059.98	\$970.02	\$1,078.34	\$1,006.74	\$613.68	\$1,032.90
<i>3rd</i>	\$518,000	\$2,657.34	\$2,042.27	\$2,170.42	\$1,794.35	\$1,642.06	\$1,825.43	\$1,704.22	\$1,017.87	\$1,748.51
<i>Max</i>	\$14mill	\$71,820.00	\$39,320.00	\$58,660.00	\$48,496.00	\$44,380.00	\$49,336.00	\$46,060.00	\$27,510.00	\$47,257.00

Table 4: Farmland Rates (Option 1C):

Quartile	Land Value	Bombala	Cooma	Snowy
<i>Min</i>	\$270	\$613.68	\$610.67	\$600.28
<i>1st</i>	\$184,000	\$859.10	\$1,068.20	\$654.73
<i>Median</i>	\$306,000	\$1,428.71	\$1,372.00	\$1,088.84
<i>3rd</i>	\$518,000	\$2,418.54	\$1,899.92	\$1,843.21
<i>Max</i>	\$14,000,000	\$65,366.00	\$35,472.80	\$49,816.40

Chart 1: Percentage change for business



Options 1A and 1B increase the number of landowners that see an increase as the options effectively spread the larger increases across a wider range of other landowners. Option 1C has a large number of landowners with a nil change, as previous categories are retained as they were. While a smaller number of landowners are affected, the maximum percentage increase is still 82%. This option leads to lower maximum percentage increases and dollar increases.

Table 5: Maximum increase under each option (Excludes electricity generation)

MAX INCREASE	OPTION 1	OPTION 1A	OPTION 1B	OPTION 1C	OPTION 2	OPTION 3	OPTION 4
BUSINESS	\$2,540.16	\$2,540.11	\$2,540.11	\$150.23	\$276.07	\$1,624.18	\$372.50
FARMLAND	\$1,325.30	\$2,079.11	\$5,306.00	\$1,045.19	\$3,822.94	\$1,860.50	\$14,543.20
RESIDENTIAL	\$625.65	\$625.65	\$625.65	\$2,018.82	\$1,231.25	\$4,833.44	\$4,129.72

Table 6: Maximum percentage increase under each option (Excludes electricity generation)

MAX INCREASE	OPTION 1	OPTION 1A	OPTION 1B	OPTION 1C	OPTION 2	OPTION 3	OPTION 4
BUSINESS	9.92%	9.92%	9.92%	19.31%	161.38%	145.26%	9.92%
FARMLAND	9.94%	9.92%	9.95%	48.01%	63.55%	56.45%	9.94%
RESIDENTIAL	9.95%	9.94%	9.94%	82.48%	163.55%	320.78%	9.95%

If any of the new options are sought to be adopted the following are the policy insertions to be made into the Revenue Policy to be placed on public exhibition:

Option 1A – Limit increases to no more than 10%, farmland at former LGA level

Rates Policy

The policy of the Council is that:

- 1) The rates structure is not to change so that the variation from the former council's rates structures exceed 10% for any individual land holding as part of the harmonisation process.
- 2) Farmland is to be sub categorized by localities and grouped with other localities that were in the same former local government area.
- 3) Where a locality covers more than one local government area it will be included using the technique in the next point.
- 4) 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.
- 5) Those rate categories with an increase of greater than 10% due to harmonization are to be scaled down to ensure no landowner has an increase of over 10%.
- 6) 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 is not greater than 10%.

Option 1B – Limit increases to no more than 10%, farmland at former locality level

Rates Policy

The policy of the Council is that:

- 1) The rates structure is not to change so that the variation from the former council's rates structures exceed 10% for any individual land holding as part of the harmonisation process.
- 2) Farmland is to be sub categorized by localities and grouped with other localities that were in the same former local government area.
- 3) Where a locality covers more than one local government area it will be placed in its own sub category.
- 4) 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.
- 5) Those rate categories with an increase of greater than 10% due to harmonization are to be scaled down to ensure no landowner has an increase of over 10%.
- 6) 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 is not greater than 10%.

Option 1C – No Limit, retain previous structures where possible

Rates Policy

The policy of the Council is that:

- 1) 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
-

previous rate structure leads to the lowest maximum percentage increase.

- 2) Farmland is to be sub categorized by localities and grouped with other localities that were in the same former local government area.
- 3) Where this results in an increase above the maximum permissible yield those rate categories or subcategories with increases over 10% will be proportionally scaled down until the maximum permissible yield is achieved.
- 4) Where this results in an decrease below the maximum permissible yield those rate categories or subcategories with increases less than 10% will be proportionally scaled up until the maximum permissible yield is achieved.

QUADRUPLE BOTTOM LINE REPORTING

1. Social

The systems required to retain a 10% cap will require some people to pay considerably more than others.

2. Environmental

N/a.

3. Economic

The impact will depend on the option taken. These range from increasing the unsustainability of Council by \$2.3million to having no net impact.

4. Civic Leadership

Council should consider the principles important to the community and the short and long term financial position of the Council in making a decision.
