

**REPORT TITLE: 0.0 RATING AND REVENUE POLICY STATEMENT
2023/2024**

ECM INDEXES:

Subject Index: **CORPORATE MANAGEMENT: Planning
GOVERNANCE: Planning
FINANCIAL MANAGEMENT: Budgeting**

Customer Index: **NIL**

Property Index: **NIL**

AUTHOR: Shageer Mohammed - Chief Financial Officer

PURPOSE

The purpose of this report is for Council to adopt its **Rating and Revenue Policy Statement 2023/2024** as part of its **Operational Plan and Budget the 2023/2024** Financial Year and to make and levy Rates and Charges (**Annexure A**).

RECOMMENDATION

THAT Council:

- 1. Approves for the Rating and Revenue Policy Statement 2023/2024 to be placed on public exhibition for 28 days from Friday 26 May 2023 until Thursday 22 June 2023.***
- 2. Displays the Rating and Revenue Policy Statement 2023/2024 Policy on Council's website, and that it be made available for viewing at the following locations:***
 - Council's Town Hall Office;***
 - Council's Church Street Office; and***
 - The Village Post Offices at Deepwater, Emmaville and Glencoe.***
- 3. Requests the Chief Financial Officer to prepare a further report to Council after the exhibition period in the event of Council receiving any significant submissions regarding the Rating and Revenue Policy Statement 2023/2024; otherwise, that the Rating and Revenue Policy Statement 2024/2024 be adopted by Council.***
- 4. In accordance with the provisions of Section 535 of the Local Government Act 1993 (NSW), Council makes, fixes and levies the rates for the year ending 30 June 2024 for the following rating categories:***

Farmland:

Farmland rate of 0.001598345 cents in the dollar on the current land values of all rateable land in the Local Government Area being farmland, with a base rate of \$445 (0.16%) per annum (the total revenue collected from this base amount represents 13.29% of the total revenue collected from this category of land);

Residential – Non-Urban:

Residential – Non-Urban rate of 0.004621117 cents in the dollar on the current land values of all rateable land which is not within a Centre of Population in the Local Government Area, with a minimum rate of \$588 (0.46%) per annum;

Residential – Deepwater:

Residential – Deepwater rate of 0.003731300 cents in the dollar on the current land values of all rateable land in the village of Deepwater, with a minimum rate of \$588 per annum;

Residential – Dundee:

Residential – Dundee rate of 0.003147700 cents in the dollar on the current land values of all rateable land in the hamlet of Dundee, with a minimum rate of \$588 per annum;

Residential – Emmaville:

Residential – Emmaville rate of 0.004569120 cents in the dollar on the current land values of all rateable land in the village of Emmaville, with a minimum rate of \$588 per annum;

Residential – Glencoe:

Residential – Glencoe rate of 0.003293000 cents in the dollar on the current land values of all rateable land in the village of Glencoe, with a minimum rate of \$588 per annum;

Residential – Red Range:

Residential – Red Range rate of 0.004654050 cents in the dollar on the current land values of all rateable land in the village of Red Range, with a minimum rate of \$588 per annum;

Residential – Wellingrove:

Residential – Wellingrove rate of 0.006704020 cents in the dollar on the current land values of all rateable land in the hamlet of Wellingrove, with a minimum rate of \$588 per annum;

Residential – Glen Innes (including postponed rates):

Residential – Glen Innes rate of 0.010853793 cents in the dollar on the current land values of all rateable land in the town of Glen Innes, with a minimum rate of \$588 per annum;

Business – Non-Urban:

Business – Non-Urban rate of 0.012594743 cents in the dollar on the current land values of all rateable land which is not within a Centre of Population within the Local Government Area, and which cannot be categorised as either Farmland or Residential, with a minimum rate of \$588 per annum;

Business – Deepwater:

Business – Deepwater rate of 0.005656553 cents in the dollar on the current land values of all rateable land in the village of Deepwater, which cannot be categorised as either Farmland or Residential, with a minimum rate of \$588 per annum;

Business – Dundee:

Business – Dundee rate of 0.009274432 cents in the dollar on the current land values of all rateable land in the village of Dundee, which cannot be categorised as either Farmland or Residential, with a minimum rate of \$588 per annum;

Business – Emmaville:

Business – Emmaville rate of 0 0.007882750 cents in the dollar on the current land values of all rateable land in the village of Emmaville, which cannot be categorised as either Farmland or Residential, with a minimum rate of \$588 per annum;

Business – Glencoe:

Business – Glencoe rate of 0.006166940 cents in the dollar on the current land values of all rateable land in the village of Glencoe, which cannot be categorised as either Farmland or Residential, with a minimum rate of \$588 per annum;

Business – Red Range:

Business – Red Range rate of 0.022773335 cents in the dollar on the current land values of all rateable land in the village of Red Range, which cannot be categorised as either Farmland or Residential, with a minimum rate of \$588 per annum;

Business – Wellingrove:

Business – Wellingrove rate of 0.041354148 cents in the dollar on the current land values of all rateable land in the hamlet of Wellingrove, which cannot be categorised as either Farmland or Residential, with a minimum rate of \$588 per annum;

Business – Glen Innes:

Business – Glen Innes rate of 0.015208463 cents in the dollar on the current land values of all rateable land in the town of Glen Innes, which cannot be categorised as either Farmland or Residential, with a minimum rate of \$588 per annum;

Mining:

Mining rate of 0.012228400 cents in the dollar on the current land values of all rateable land in the Local Government Area where the dominant use is for a coal mine or metalliferous mine, with a minimum rate of \$341 per annum.

REPORT**(a) Background**

In accordance with the provisions of Section 535 of the *Local Government Act 1993 (NSW)*, Council makes, fixes and levies the rates for a specified year by resolution.

The data that was needed to calculate the Rate Differentials and Income for 2023/2024 was successfully extracted from the rates system and reconciled with the Valuer General's file as at 31 October 2022, which included updated valuations as part of a three year cycle. Based on the Notional Land Values, the Ad Valorem and base amounts were calculated resulting in an overall **increase of 3.7%** in accordance with the rate peg set by **Independent Pricing and Regulatory Tribunal (IPART)** for 2023/2024.

Supplementary assessments since 31 October 2022 have not been loaded into the Rates system and have not been included the estimated Rate Differentials and Income 2023/2024, this is immaterial, and the yet to be loaded assessments will be included at the time the rates are levied. As a result, the actual rate levies will yield a higher amount than the estimate.

Total Notional Levy 2022/23	7,554,913.39			
Add Rate Peg 3.7%	279,531.80			
Add Catch up	4,670.00			
Maximum Permissible Income →	7,839,115.19			
Actual Permissible Income →	7,839,004.31			
Total Projected Yield		7,839,004.28	0.03	
Total as per Budget				7,823,657.00

(b) Discussion

The annual rate peg percentage for 2023/2024 has been announced by the IPART and for Glen Innes Severn Council has been set at 3.7%. IPART has calculated the rate pegs using their existing rate peg methodology. This involves considering annual changes in the average costs faced by NSW councils and each council's population growth. IPART has also adjusted for the change to the superannuation guarantee for 2021-22.

Three factors that are included in setting the rate peg include change in population, supplementary valuations percentage and population factor. All of these factors were set at 0% for Glen Innes Severn Council.

The rate peg sets the maximum increase in each council's general income for the financial year. The rate peg applies to general income in total, and not to individual ratepayers' rates. As long as its general income remains within the set maximum increase, councils may increase categories of rates by higher or lower than the rate peg.

Councils can increase general income by up to the rate peg, less than the rate peg, or not at all. Councils have discretion to determine how to allocate the rate peg increase between different ratepayer categories.

Individual rates are also affected by other factors, such as land valuations, which can affect percentage changes to rates alongside the rate pegging process. The rate peg affects some other council fees in addition to household and business rates.

(c) Options

Nil.

IMPLICATIONS TO BE ADDRESSED

(a) Financial

Council should assess the impact of rate pegging on its Long Term Financial Plan, financial sustainability and the impact on its cash position year on year. Assessments should be undertaken to determine if a Special Rate Variation is needed to ensure long term financial sustainability.

(b) Governance/Policy

Once adopted by Council, the Rating and Revenue Policy Statement 2023/2024 will become a current policy of Council for the next three years and until the next land valuations by the Valuer General in 2025.

(c) Legislative/Statutory

The Rating and Revenue Policy Statement 2023/2024 is in accordance with the *Local Government Act 1993*.

(d) Risk

Nil.

(e) Social

More community engagement is needed to educate the ratepayers on the impact of rate pegging and the increase in land valuations in setting the cents in the dollar rates. The most common misconception is that councils are setting higher land valuations as a means to increase rates.

(f) Environmental

Nil.

(g) Economic

Certain economic factors such as the current inflation rate are out of councils control and are exerting pressure on the cost of operations. The ability to increase revenue from rates is becoming an important but sensitive area and councils need to be able to clearly demonstrate the need for increases to charges, community awareness of their plans, that the increase is reasonable and a history of well-documented council productivity improvements and cost containment strategies.

(h) Asset Management

The cost of continually funding operational costs is closely related to general unrestricted income which a large portion of it is funded by general rates income and can impact Asset maintenance and management plans.

CONSULTATION

(a) External

Local Gov Consulting – Laurie Knight.

(b) Internal

Rates Officer (Casual).

LINK/S TO THE DELIVERY PROGRAM/OPERATIONAL PLAN

This report links to Council's Draft Operational Plan Actions FY 2023/2024 under the section of Rates, code STC 5.3.3.1

CONCLUSION

The Rating and Revenue Policy Statement 2023/2024 was not included as part of the Draft Operational Plan and Budget 2023/2024 as a result of system issues relating to the Rates system that has been developed by Open Office as a bespoke solution for Rating purposes that is integrated with the General Ledger. Data validation and reconciliation issues with the Valuer General's valuation and supplementary files have delayed the ability to extract the required data for the Rating and Revenue Policy Statement 2023/2024.

Now that the data has been successfully extracted for the Rating and Revenue Policy Statement 2023/2024, work has started to ensure that the rates and other fees and charges can be levied by 31 July 2023 as per the Rating and Revenue Policy Statement 2023/2024 and the Fees and Charges schedule, once adopted by Council prior to 30 June 2023.

The estimated Permissible Income for 2023/2024 of **\$7.839M** reported in the Rating and Revenue Policy Statement 2023/2024 compared to the estimate reported in the Draft Operational Plan 2023/2024 of **\$7.824M** represents a difference of **\$15K**. Any material differences for actuals vs estimates when rates are levied will be adjusted as part of the September Quarterly Budget Review 2023/2024.

ATTACHMENTS

Annexure A Rating and Revenue Policy Statement 2023/2024