



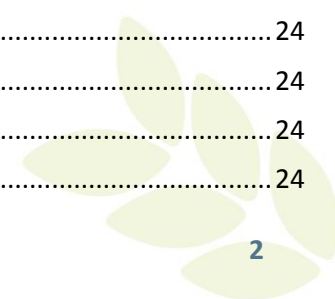
COOTAMUNDRA-
GUNDAGAI REGIONAL
COUNCIL

Draft Revenue Policy 2017-18



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Version Control

Ref	Date	Date effective	Council Resolution	Description
1.0	25 Jul 2016	1 Jul 2016	03/E07/16	Adopted at extraordinary Council meeting.
1.1	28 May 2017	1 Jul 2017		Adopted for public exhibition
1.2	26 June 2017	1 July 2017		Presented to Council for adoption



Introduction

Council's Revenue Policy goal is to effectively and equitably manage revenue raising, service level and asset management decisions and to ensure ongoing financial sustainability.

The Long Term Financial Plan seeks to:

- be under-pinned by a sound financial strategy that will ensure Council's financial sustainability is protected and improved,
- accommodate asset maintenance and asset renewal and replacement activity and be fully integrated with Council's Asset Management Plans, and
- accommodate service levels proposed in Council's Delivery Program and Operational Plan.

Council's financial strategies to meet these goals are:

- to explore all cost effective opportunities to maximise Council's revenue base.
- to ensure ratepayer's value for money by providing effective and efficient service.
- to generate revenue in an equitable manner over time and ensure that there is capacity to finance peaks in asset renewal costs and other outlays when necessary.
- to build up cash reserves over the ten year planning period to enable infrastructure renewals as projected in Council's Asset Management Plans.

Rates

Rating Principles

The objective of this Revenue Policy is to ensure that rates are levied in a fair

and equitable manner so as to provide sufficient funds to carry out the general services which benefit all the ratepayers of the area. Council aims to set rates and charges at a level that provides a sustainable income but does not impose undue hardship on property owners. Council is committed to a rates and charges process that is ethical, transparent, open, accountable and compliant with legal obligations (including the NSW Local Government Act 1993 and the Local Government (General) Regulation 2005 (NSW)). Council rates administration will be honest, diligent and applied consistently and fairly across all properties.

In accordance with the NSW Local Government Act 1993, Council will adopt four categories of ordinary rate, being residential, farmland, business and mining. An ordinary rate will be applied to each parcel of rateable land within the local government area. The ordinary rate applicable for each assessment will be determined on the property's categorisation which is dependent on dominant use.

Rate Pegging

The Independent Pricing and Regulatory Tribunal (IPART) determines the rate peg, or allowable annual increase, that applies to local government rate income. On 29 November 2016, IPART announced the rate peg to apply in the 2017-18 financial year will be 1.5%. The amount applies to general rate income in total, and not to individual ratepayers' rates. Council proposes to increase rating income by 1.5% in accordance with the maximum allowable increase.

Valuations

Cootamundra-Gundagai Regional Council's land values were updated by the NSW Valuer General (VG) in February 2017.

The VG provides property valuations to local government authorities on a cyclical basis, in accordance with the NSW Valuation Act 1916. For the purposes of the 2017-18 rating year, the Base Date for land values is 1 July 2016.

Supplementary notices of valuation are also issued by the VG outside the usual three to four year valuation cycle because of changes to property that are recorded on the Register of Land Values. Council is advised of changes to land

values and makes any resulting adjustments to rates. Existing valuations may be reviewed by the VG for the following reasons:

- newly created parcels of land in subdivisions
- the transfer of part of land which is included in an existing valuation
- the amalgamation of parcels of land into a single valuation
- changes to zoning.

The VG has issued a large number of supplementary notices in recent months, and these changes will continue to affect the Council's rates and property database as they are issued up to 30 June 2017.

Amalgamation of Rating Structures

The NSW Government's policy is that there is a 4-year rate path freeze for any newly created council. The Local Government Amendment (Rates—Merged Council Areas) Bill 2017 was passed through parliament in March 2017, and ensures that the two rating structures adopted by the former Cootamundra and Gundagai Shires as at 12 May 2017, will continue to apply for 4 years.

The ratio of rates collected from each of the former Local Government Areas will be retained for 4 years.

The ratio of rates collected from each of the rating categories and sub-categories adopted by the former Councils, will be retained for 4 years.

The special rate variation previously approved for the former Gundagai Shire Council will continue to apply to the Gundagai area.

The rate pegging increase announced by IPART will be applied.

The NSW Government has advised that newly elected councils will review the rate structure during their first term.

Rating Structures

Council aims to derive revenue from ordinary rates for each rating category as below. The rating structure uses ad valorem (multiplied by the land value of the property as determined by the Valuer General) with a minimum amount or base amount.

For the Cootamundra area, the categories of residential and business are further divided into subcategories based on geographical areas.

For the Gundagai area, an additional special rate is levied on properties in the Town Improvement District (TID), and used to cover:

- contributions toward NSW Fire Brigade services for the township
- costs associated with servicing a special TV translator to provide coverage in black spot areas around the township
- costs associated with kerb and guttering, stormwater drainage and footpath reconstruction
- street lighting costs.

Special Rate Variations

The former Gundagai Shire Council has applied for two special rate variations that are currently impacting Council's total permissible rates income.

2014-15 special variation for main street upgrade of 12.82%

In June 2014, the Independent Pricing and Regulatory Tribunal approved a special rates variation of 15.12% for ratepayers of the former Gundagai Shire Council. This increase included the rate peg of 2.3% that was available to all Councils, plus an additional 12.82% that was raised specifically for the purposes of the Gundagai main street upgrade. The increase will be retained in the Council's general income base for 10 years, and from 1 July 2024, Council's general income will be reduced to what it would have been without the special variation.

2008-09 special variation for capital projects of 12.89%

The former Gundagai Shire Council applied for a special rate variation of 12.89% for a period of ten years from 2008/09 to 2017/18.

2017-18 is the final year for the application of the special variation, and the value of the income is \$263,530. The former Gundagai Shire Council had been relying on the continuation of the special variation, as a permanent adjustment to the Council's rates, and this was reflected in the ten year planning period in their long term financial plan. Cootamundra-Gundagai Regional Council will also need

to apply for the continuation of the otherwise expiring variation to avoid the income adjustment that will otherwise occur.

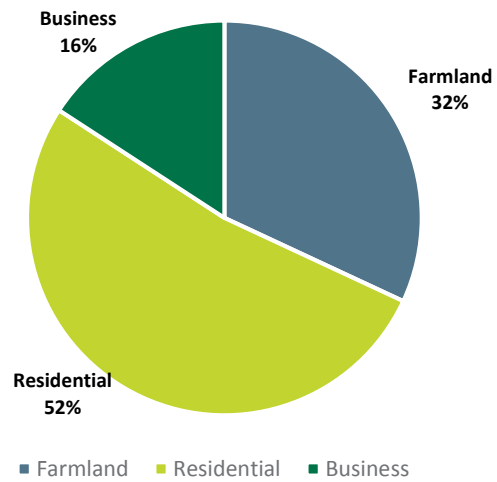
Council's budget has been based on the assumption that Council's application to make the special rates variation permanent will be accepted. In addition, a second scenario has been modelled, to show the Operating Position of Council if this is not achieved.

The former Gundagai Shire Council stated that the principal driver behind their original application was to maintain/upgrade and to a lesser extent expand its infrastructure assets. The additional revenue was to be used to enable in the financing of the following projects over the ten year period from 2008-09 to 2017-18.

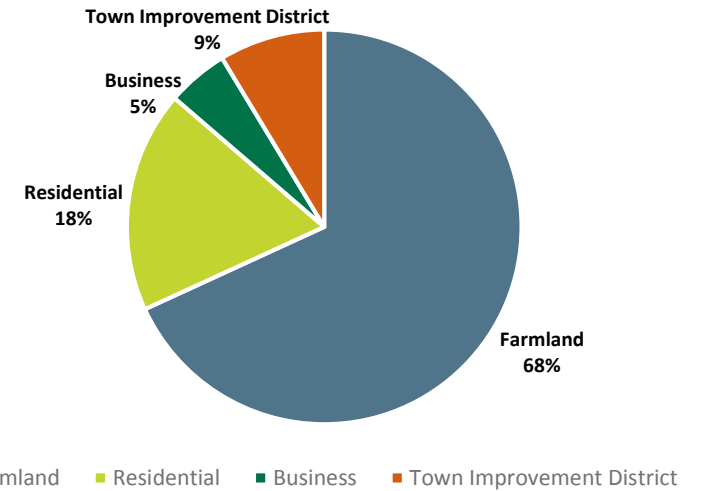
Item	Amount
Swimming pool renewal	\$182,000
Carberry Park upgrade / renewal	\$95,000
Sheridan Street upgrade loan repayment	\$417,000
Footpaths renewal	\$222,000
Kerbing and guttering renewal, upgrade and expansion	\$250,000
Transport and communications renewal	\$250,000
Transport and communications maintenance	\$383,000
IT equipment renewal	\$196,000
Town improvement	\$8,000
Mirrabooka building upgrade	\$28,000
Cemetery upgrade	\$25,000
Medical centre upgrade	\$45,000
Yarri Park PCs renewal	\$8,000
Playground equipment renewal	\$10,000
Fuel facility upgrade	\$20,000
Caravan park renewal / upgrade	\$14,000
Council chambers renewal	\$62,000



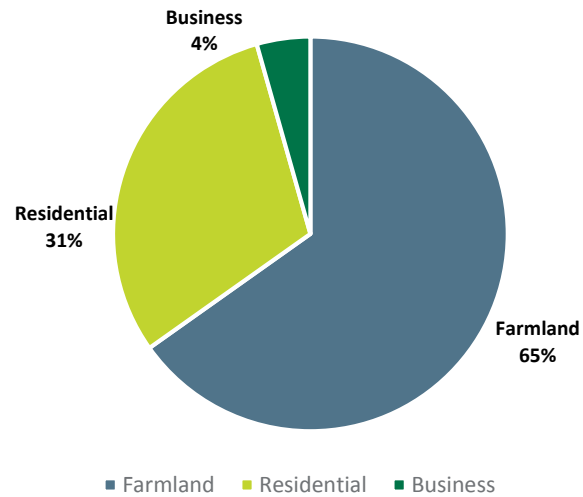
Cootamundra Area Target Rate Revenue



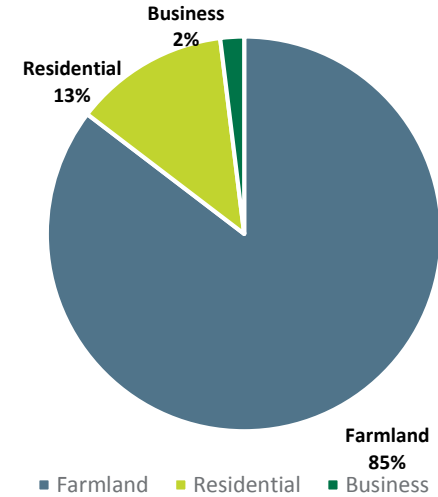
Gundagai Area Target Rate Revenue



Cootamundra Area Rateable Land Values



Gundagai Area Rateable Land Values



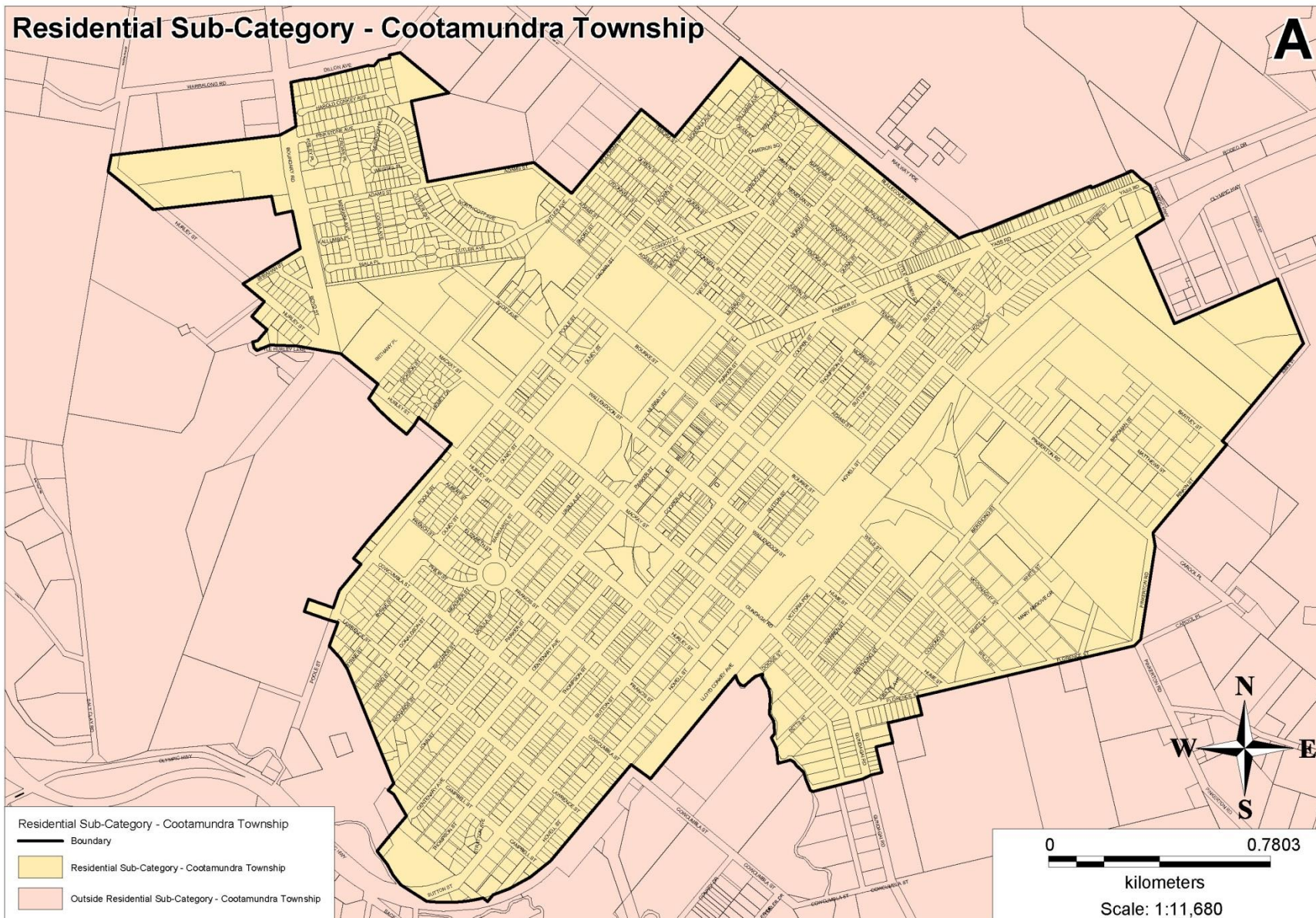
Cootamundra Area Rating Categories

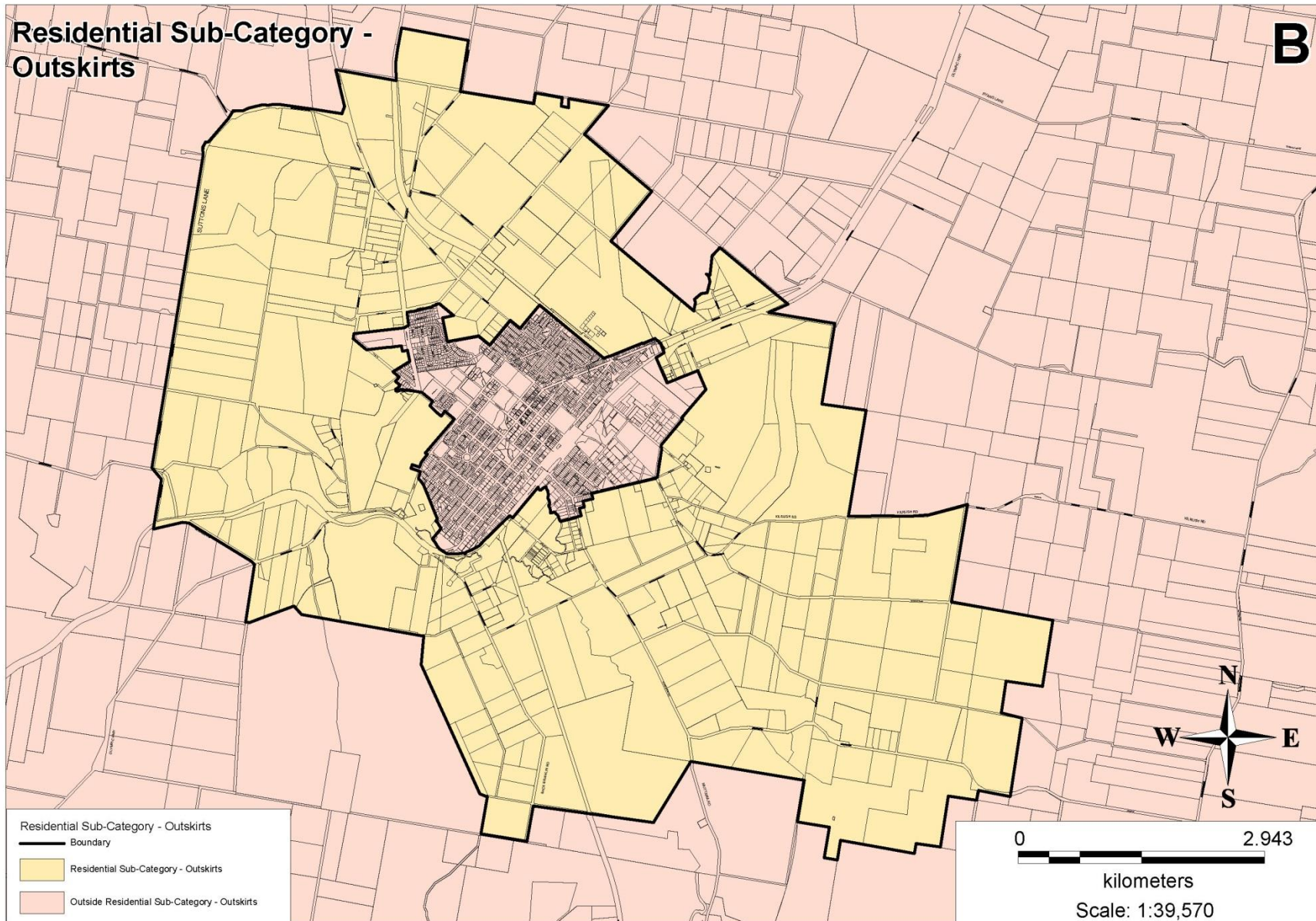
Rating Category (s514-518)	Name of sub-category	Map ref	Number of Assessments	Ad Valorem Rate	Base Amount \$	Base Amount %	Minimum \$	Number on Minimum	Land Value	2017/18 Estimated Income	% Yield
Farmland			422	0.3015			\$411	38	\$435,126,500	\$1,321,246	31.7%
Residential	Village	C & D	217	0.6300	\$173	47.3%			\$6,640,300	\$79,375	1.9%
Residential	Coota Town	A	2,634	1.213			\$411	173	\$154,891,480	\$1,895,511	45.5%
Residential	Coota Outskirts	B	249	0.3190	\$173	29.3%			\$32,609,090	\$147,100	3.5%
Residential	[all other]		138	0.2850	\$173	36.0%			\$15,178,150	\$67,132	1.6%
Business	Coota Non CBD	F	60	1.653			\$442	7	\$4,915,850	\$83,164	2%
Business	Coota CBD	E	143	3.162			\$442	1	\$12,497,100	\$395,221	9.5%
Business	Industrial Aerodrome	G (& K)	21	1.6100			\$442	-	\$2,070,800	\$33,340	0.8%
Business	Industrial Barnes St	H (& K)	6	1.6100			\$442	-	\$405,600	\$6,530	0.2%
Business	Industrial East	I (& K)	9	1.6100			\$442	3	\$890,240	\$15,195	0.4%
Business	Industrial South	J (& K)	73	1.6100			\$442	6	\$5,874,300	\$95,724	2.3%
Business	[all other]		48	0.3120	\$223	42.5%			\$4,650,710	\$25,214	0.6%
Mining			-	0.305			\$411			-	
		Total	4,020					Total	\$675,750,120	\$4,164,751	

Gundagai Area Rating Categories

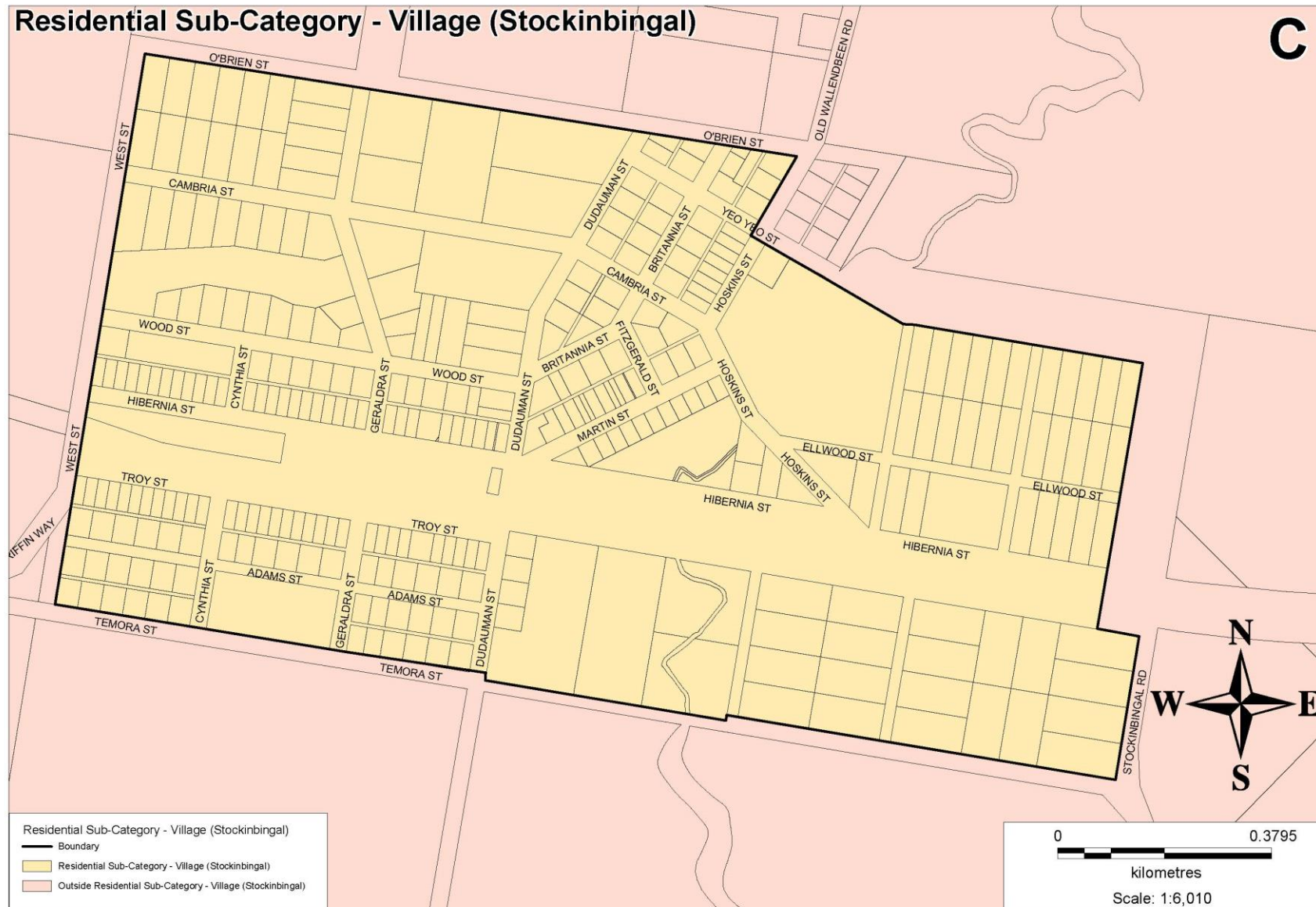
Rating Category (s514-518)			Number of Assessments	Ad Valorem Rate	Minimum \$	Number on Minimum	Land Value	2017/18 Estimated Income	% Yield (General Rate)	% Yield
Farmland			889	0.4408	\$318	122	\$490,539,686	\$2,184,805	74.6%	68.2%
Residential			1,415	0.6791	\$318	730	\$72,860,108	\$582,178	19.9%	18.2%
Business			171	1.2691	\$514	79	\$11,197,933	\$161,307	5.5%	5.0%
Mining			-	0.4408	\$318	-	-	-		
			2,475			Subtotal	\$574,597,727	\$2,928,289	100%	
Special Rate (s495)										
Town Improvement District			1,074	0.4486	\$214	603	\$52,780,596	\$277,512		8.7%
						Total		\$3,205.801		

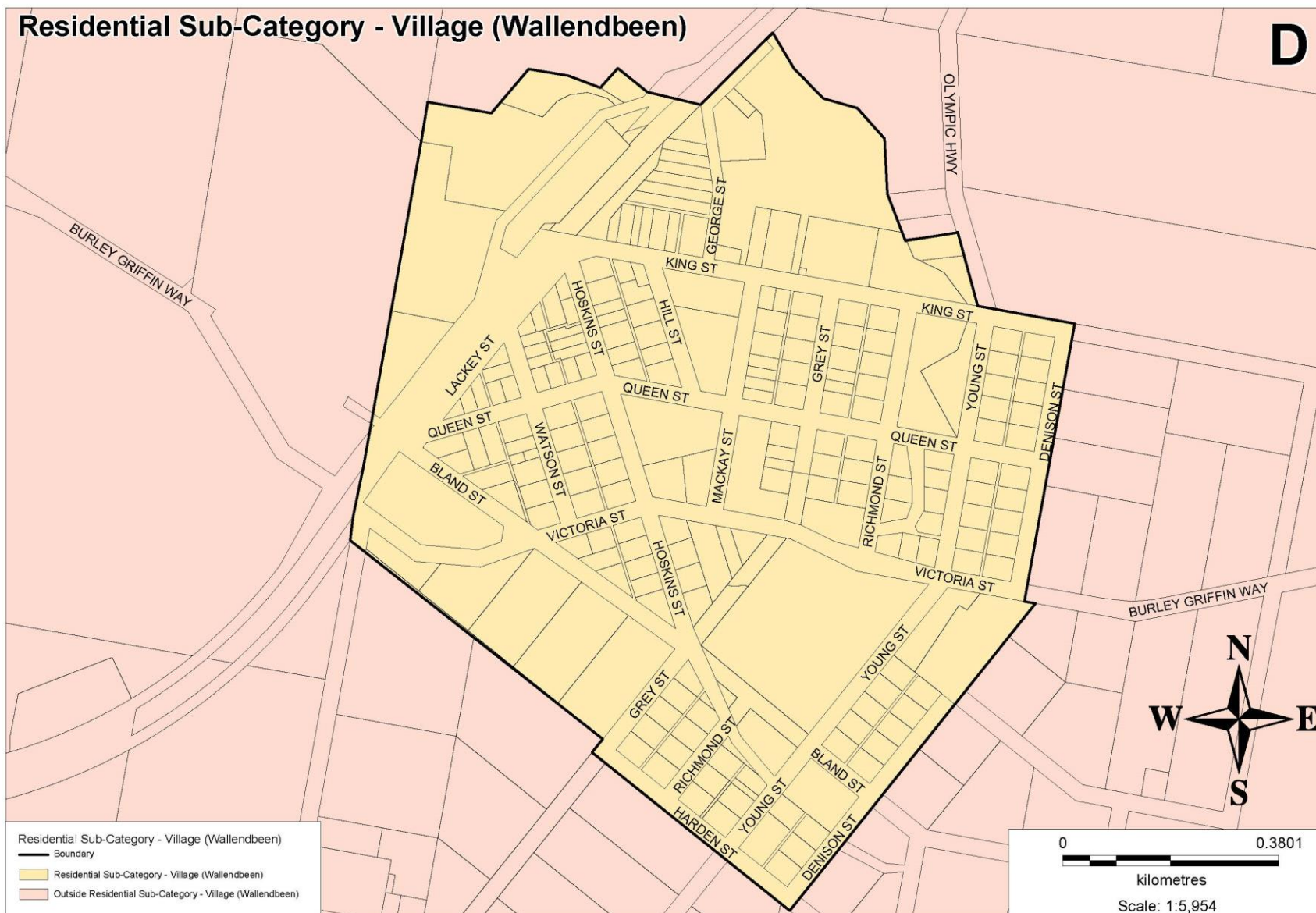


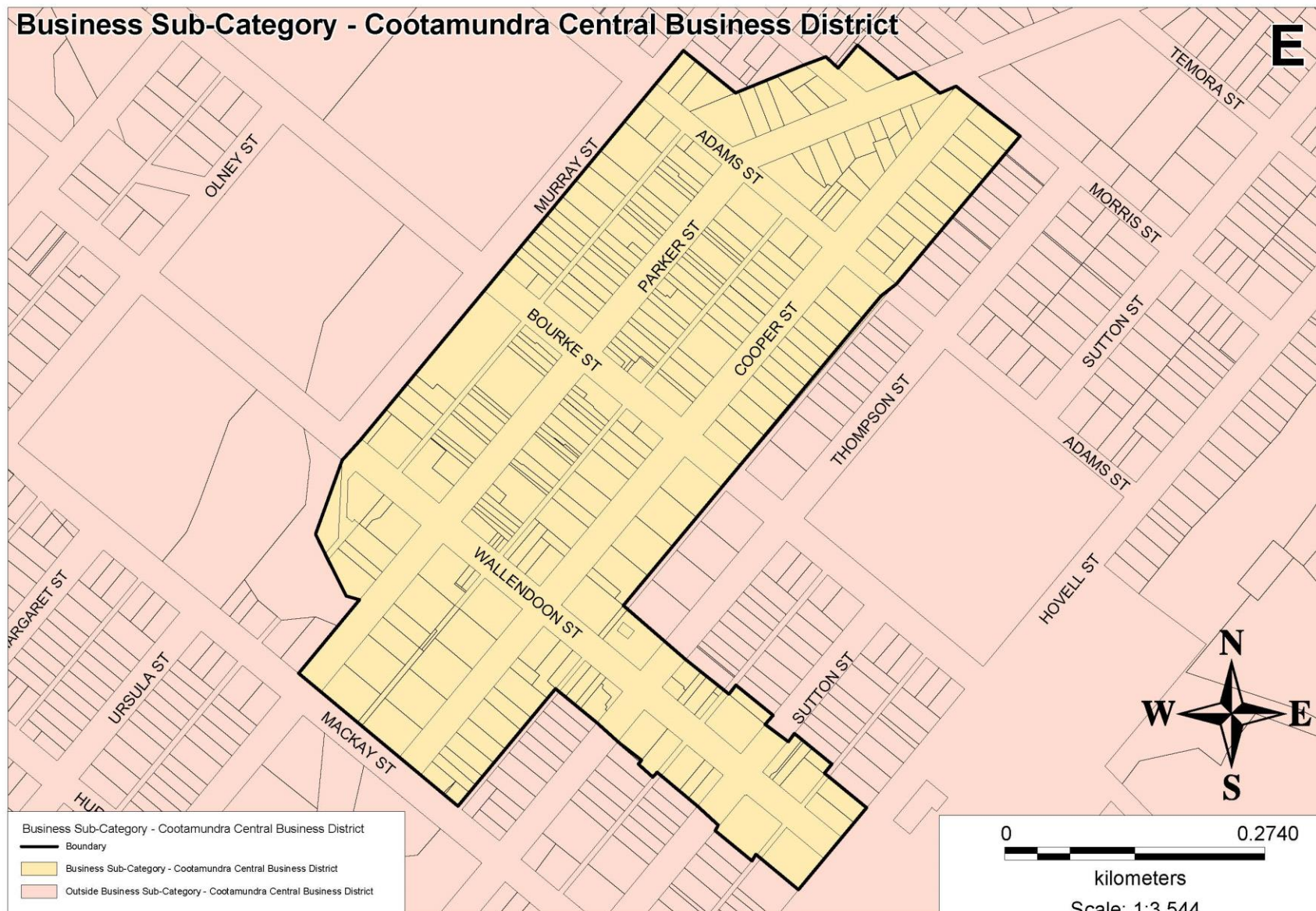


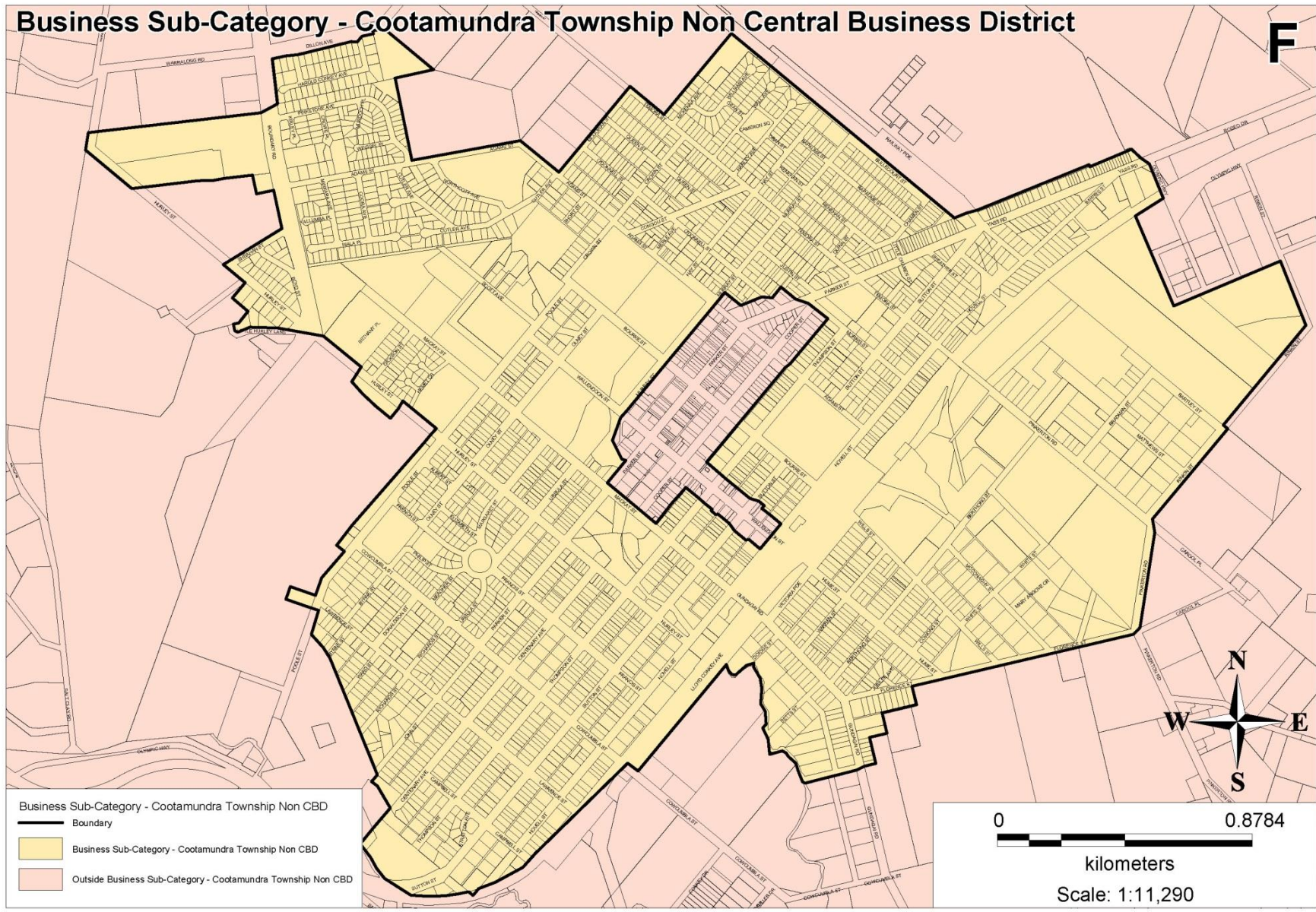


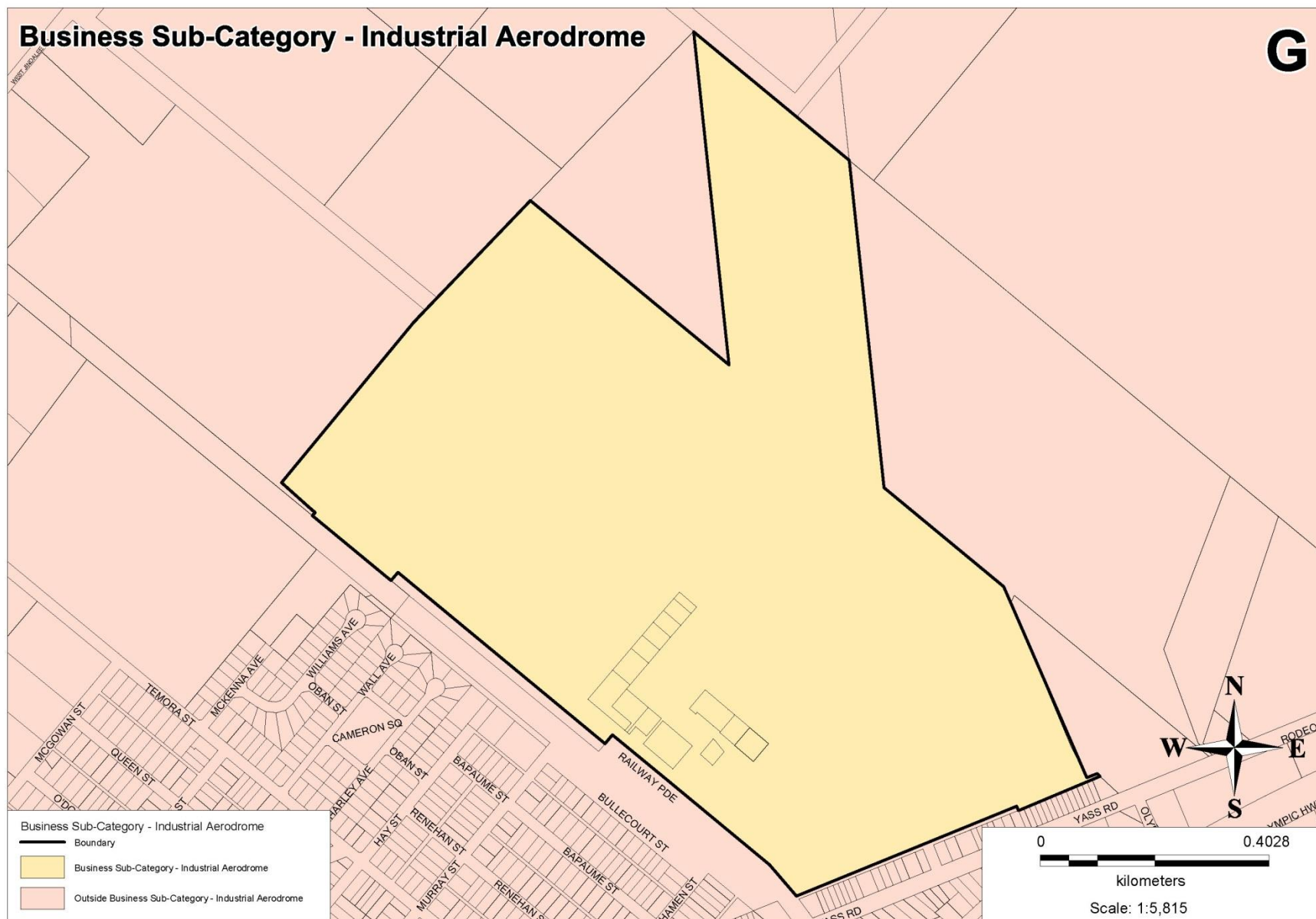
Residential Sub-Category - Village (Stockinbingal)

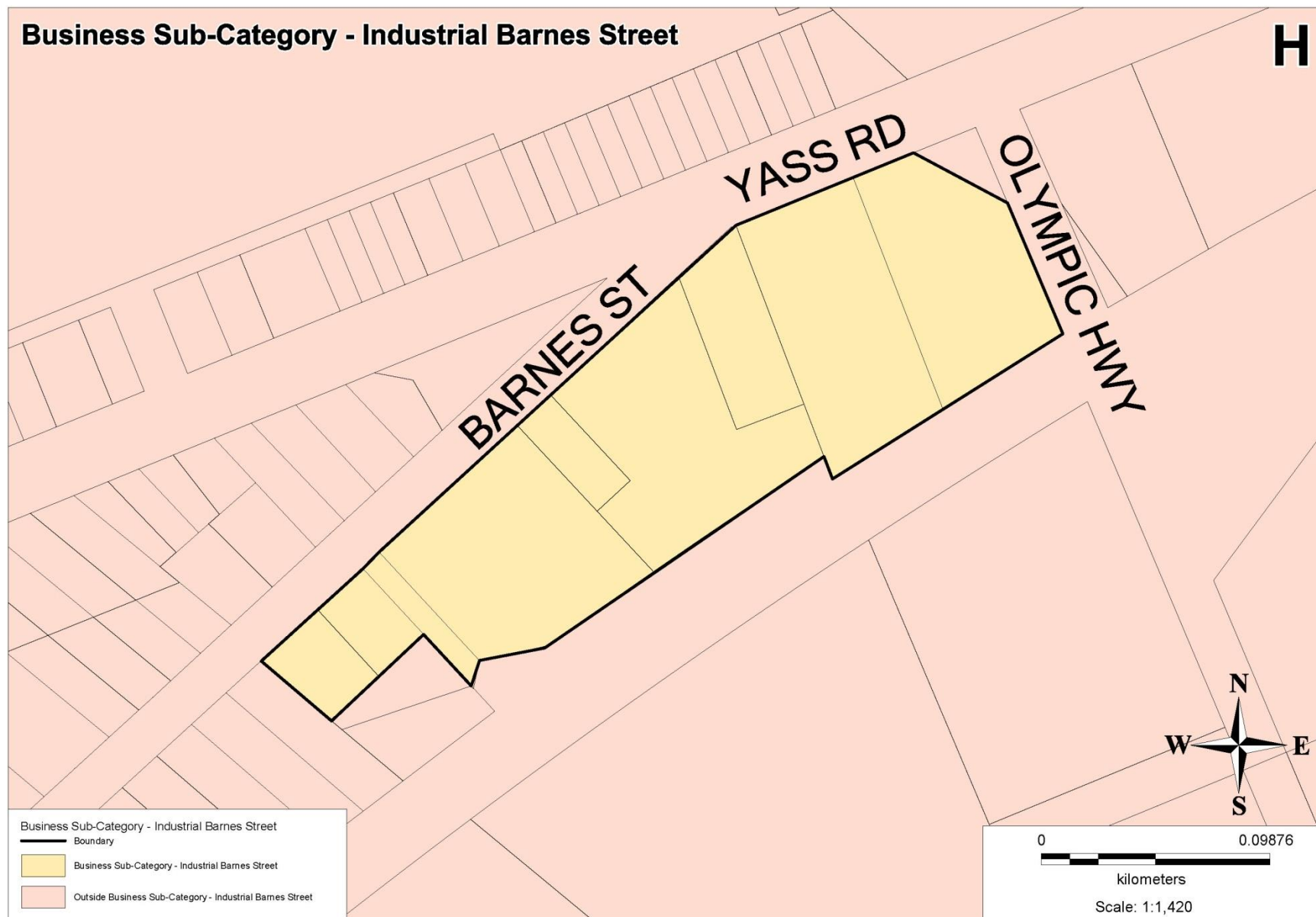


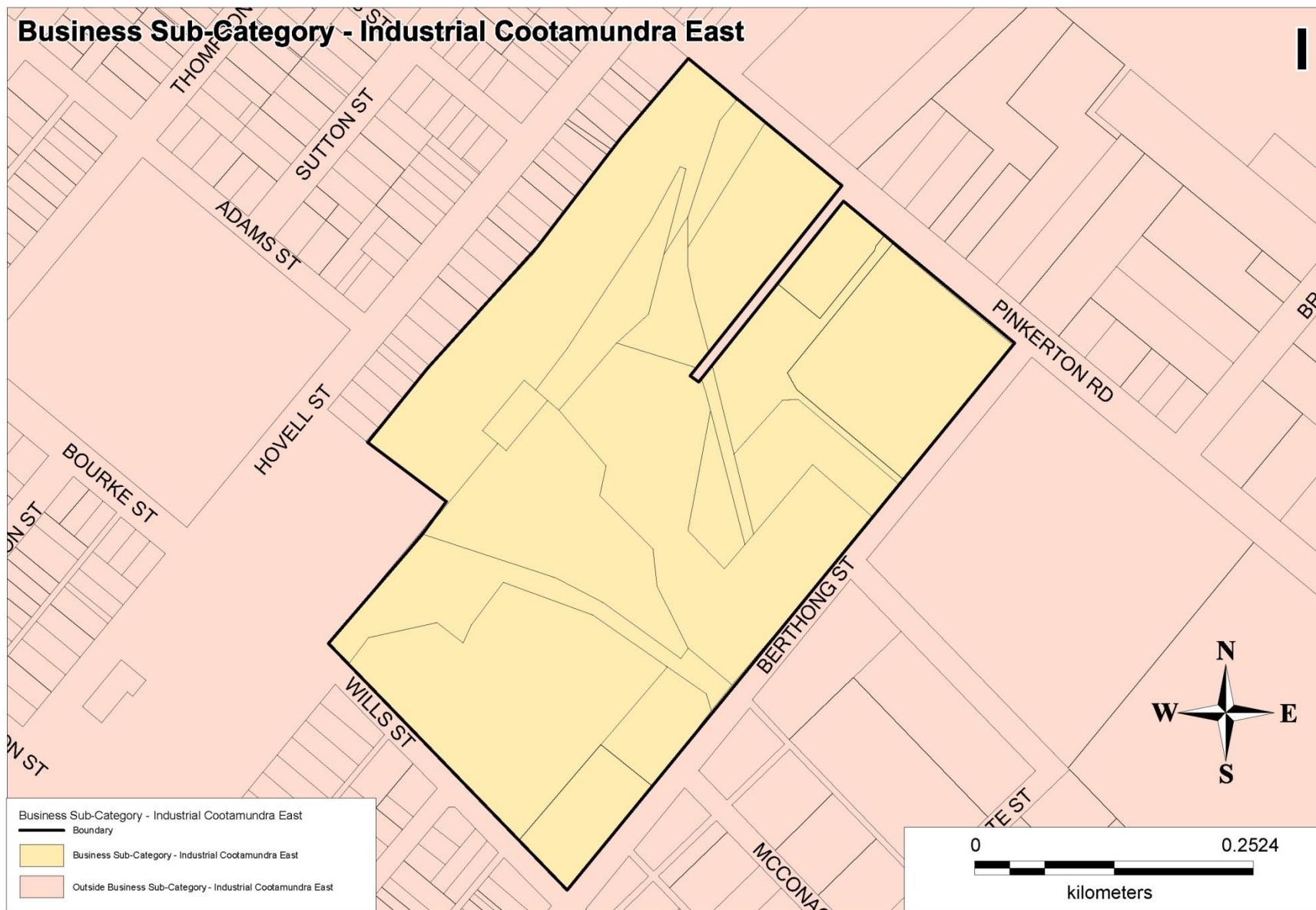


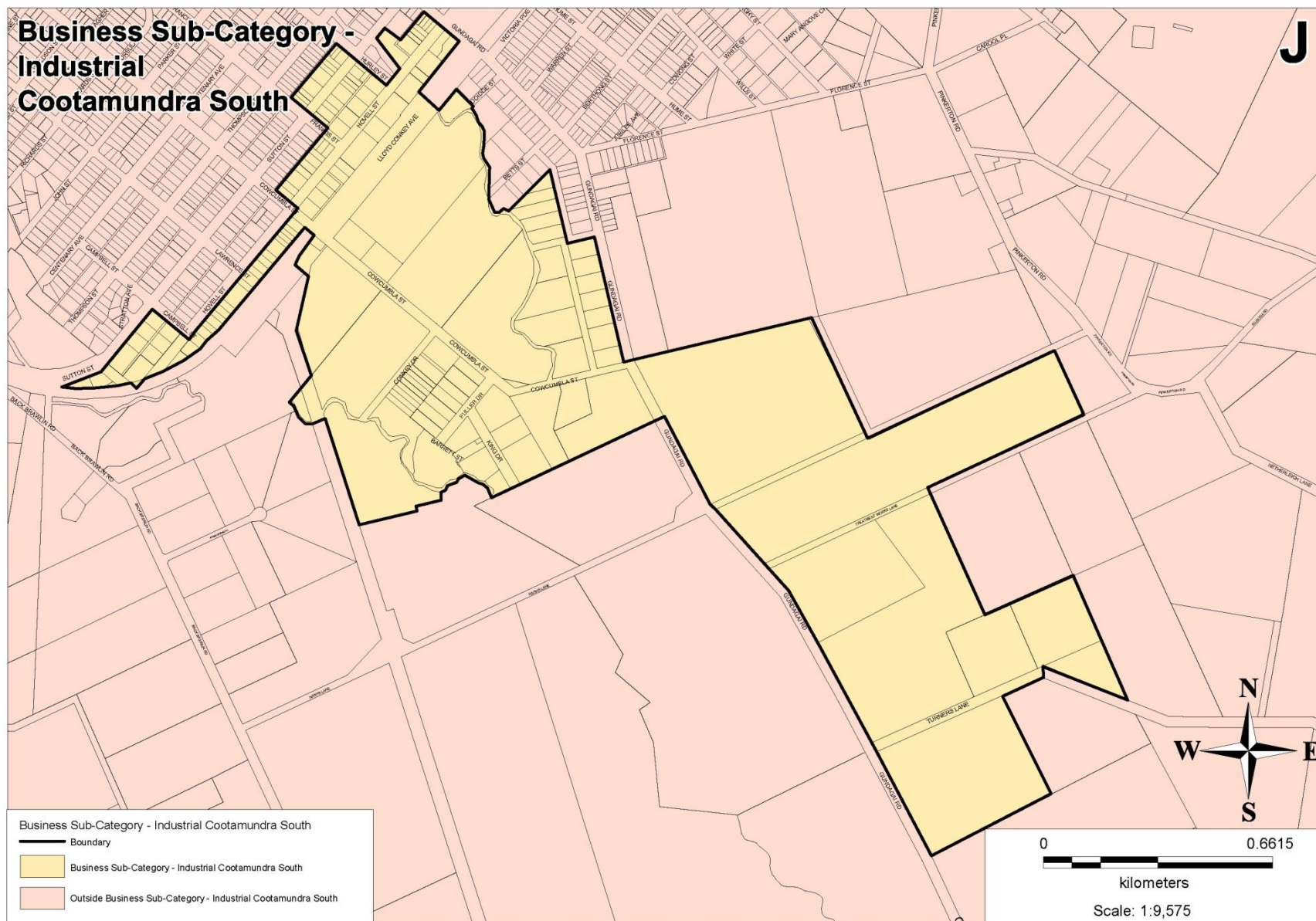


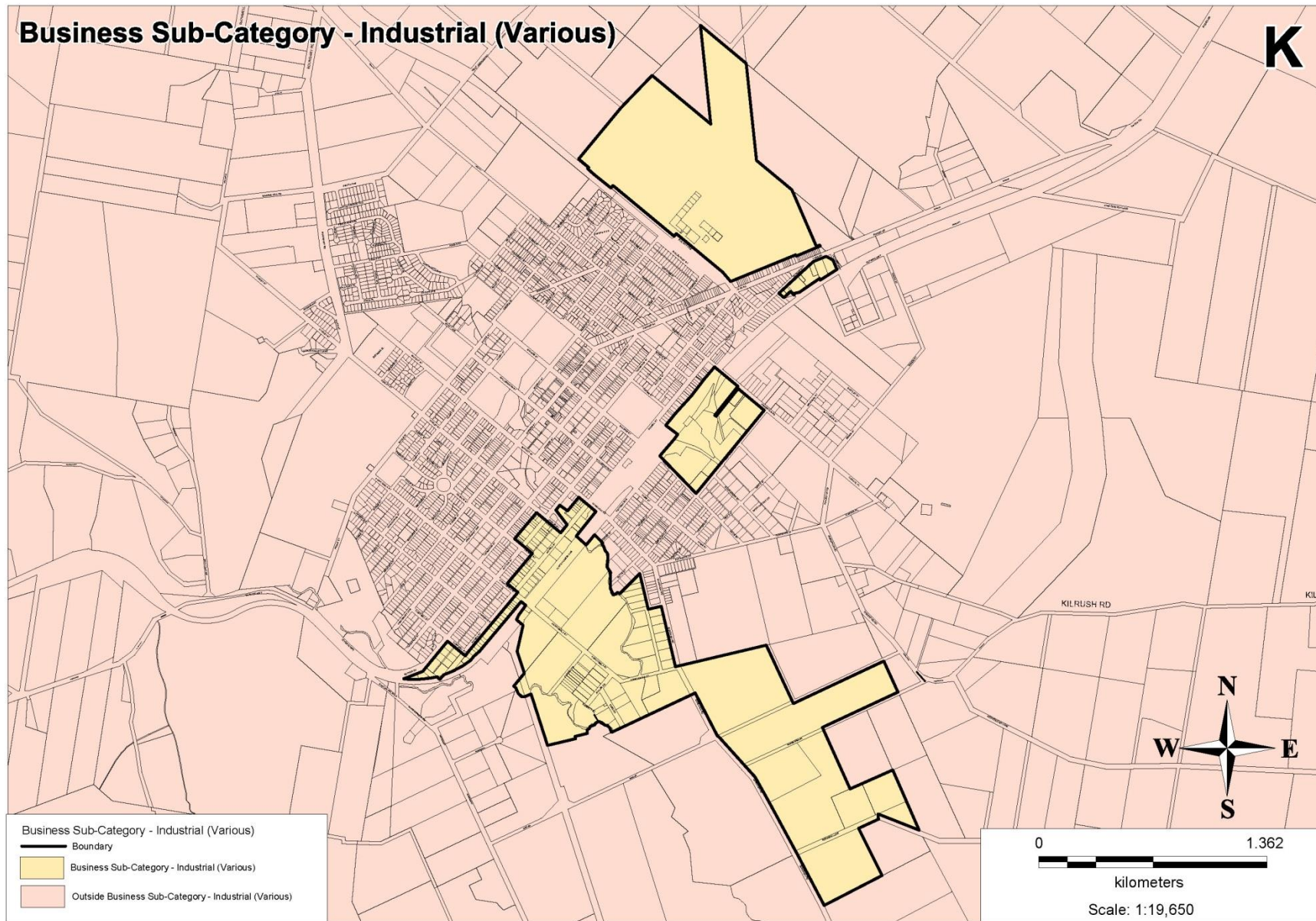












Pensioner Rebates

Council provides a pension rebate for eligible pensioners. Owners who become eligible pensioners during the year are entitled to a pro-rata rebate of their rates, calculated on a quarterly basis. Rebates are also reversed on a quarterly basis when owners become ineligible for the rebate. In the event that an eligible pensioner has not claimed the rebate previously, Council will grant the rebate for the current year only.

Charges

Council proposes to levy annual and service charges for the following:

- Domestic Waste Management Charges (Section 496 LGA)
- Waste Management Outskirts Charge (Section 501 LGA)
- Non-Residential Waste Management Charges (Section 501 LGA)
- Residential Stormwater Management Charge (Section 496A LGA, Local Government General Regulation 2005)
- Residential Strata Stormwater Management Charge (Section 496A LGA, Local Government General Regulation 2005)
- Business Stormwater Management Charge (Section 496A LGA, Local Government General Regulation 2005)
- Water Access Charges (Section 501 LGA)
- Sewer Access Charges (Section 501 LGA)
- Water Consumption Charges (Section 502 LGA)
- Sewer Usage Charges (Section 502 LGA)

Charges are raised to recover the cost of providing a service except where such a cost may be unreasonable or limited by regulations.

Pro-rata Service Charge

The levying of service charges will be calculated pro-rata for the time that the service was made available. In instances where a historical service charge

adjustment is required, this will be limited to the reimbursement or refund (or levy) of one previous financial year (in addition to the current financial year, where applicable).

Waste Management Charges

Waste Management charges are based on the waste management charges of the former Cootamundra and Gundagai Shire Council charges, plus 3%.

At its March 2017 Council meeting, Council proposed a strategy to bring the waste service together, with the objective being to provide one unified service and fair charging structure across the area. However, feedback has been received from ratepayers who would like Council to do more work on this proposal before proceeding. Staff will prepare a business case for the proposed waste service over the 12 month operational plan period, and will continue to involve ratepayers in the discussion.

Charge Description	Amount	Estimated Yield
Cootamundra Area		
Domestic Waste Collection Charge 3 bin collection service – Annual Charge (including Cootamundra, Villages and Outskirts)	\$379	\$1,197,261
Domestic Waste Vacant Charge Annual Charge (including Cootamundra, Villages and Outskirts)	\$21	\$1,743
Non-residential Waste Collection Charge Annual Charge calculated per service per week (including Cootamundra, Villages and outskirts)	\$7.20	\$208,728
Non-residential Green Waste Collection Charge Annual Charge calculated per service (including Cootamundra, Villages and outskirts)	\$93	\$837

Charge Description	Amount	Estimated Yield
Gundagai Area		
Domestic Waste Collection Charge 2 bin collection service – Annual Charge	\$403	\$499,317
Domestic Organic Waste Collection Charge Annual Charge	\$54	\$47,034
Domestic Waste Vacant Charge Annual Charge	\$21	\$2,688
Non-residential Waste Collection Charge Annual Charge	\$403	\$28,210
Rural Waste Charge Annual Charge	\$58	\$76,676

Stormwater Management Charge

Council levies an annual Stormwater Management Charge to both residential and business properties, subject to exemptions provided for under the Local Government Act 1993. All funds raised are applied to stormwater management improvements.

Charge Description	Amount	Estimated Yield
Stormwater Management Charge	\$25	\$110,075

Water Access Charges

The following water availability charges will be levied in accordance with the number and size of water service meters connected to the property. Where a property is not connected to the water supply, but access is available, a vacant charge shall apply.

For the purposes of water and sewer, vacant charges are charges applicable to

properties with no connected service.

Water Access and usage charges are based on the charges and planned increases adopted by the two former Councils. An increase of 2.5% has been applied in the Cootamundra area, and 10% in the Gundagai area. The two water networks are each a distinct set of infrastructure and the Council raises income to ensure that the infrastructure is renewed and maintained. Water rates in the Gundagai area are comparatively low, and the former Gundagai Shire Council recognised the need to apply a larger increase, in order to ensure the infrastructure renewal targets can be achieved.

Charge Description	Amount	Estimated Yield
Cootamundra Area		
Vacant Residential Annual Charge	\$336	\$13,104
Vacant Non-Residential Annual Charge	\$398	\$13,532
Vacant Non-Residential Community Annual Charge	\$199	\$0
Residential	Refer to detail in fees and charges document	\$895,475
Residential Strata		\$32,811
Non-Residential		\$192,433
Non-Residential Community		\$37,498
Gundagai Area		
Vacant Residential Annual Charge	\$209	\$7,524
Vacant Non-Residential Annual Charge	\$209	\$7,315
Residential	Refer to detail in	\$213,959

Charge Description	Amount	Estimated Yield
Non-Residential	fees and charges document	\$66,552

Sewer Access Charges

The residential sewer access charge will be levied on all residential properties connected to the sewer system. All other properties will be charged in accordance with the number and size of water service meters connected to the property. Where a property is not connected to the sewer system, but access is available, a vacant charge shall apply.

Sewer access and usage charges are based on the charges of the former Cootamundra and Gundagai Shire Councils, increased by 3.5%. This represents a change to the former Gundagai Shire Council strategy that had recognised the urgent need to fund the replacement of the Gundagai Sewerage Treatment plant, and had budgeted for three more years of 10% increases to the sewer charges. Council recognises that the Gundagai sewer charge is already comparatively high, and is currently looking for alternative sources of funding.

Charge Description	Amount	Estimated Yield
Cootamundra Area		
Vacant Residential Annual Charge	\$213	\$10,011
Vacant Non-Residential Annual Charge	\$213	\$8,094
Vacant Non-Residential Community Annual Charge	\$106.50	\$745.50
Residential Annual Charge	\$426	\$1,156,590

Charge Description	Amount	Estimated Yield
Non-Residential	Refer to detail in fees and charges document	\$112,933
Non-Residential Community		\$26,019
Gundagai Area		
Vacant Residential Annual Charge	\$126	\$4,536
Vacant Non-Residential Annual Charge	\$126	\$4,410
Residential Annual Charge	\$799	\$477,790
Non-Residential	Refer to detail in fees and charges document	\$113,564

Water Usage Charges

The NSW Office of Water Best Practice Management of Water Supply and Sewerage Guidelines require Local Water Utilities of less than 4,000 connected properties to recover at least 50% of their revenue from water usage charges.

Charge Description	Amount
Cootamundra Area	
Residential, per kilolitre	\$2.04
Non-Residential, per kilolitre	\$2.24
Non-Residential Community, per kilolitre	\$1.69

Charge Description	Amount
Gundagai Area	
Residential, per kilolitre	
0-300 kilolitres	\$1.54
301-500 kilolitres	\$2.09
>500 kilolitres	\$3.58
Non-Residential, per kilolitre	\$2.09

Sewer Usage Charges

Sewer usage charges are calculated for all non-residential land connected to the sewerage network by multiplying the charge per kilolitre by the volume of water measured at the water meter(s) connected to the property (based on actual usage per kilolitre) and by the determined Sewerage Discharge Factor (SDF).

Charge Description	Amount
Cootamundra Area	
Non-Residential, per kilolitre, multiplied by the SDF	\$2.40
Non-Residential Community, per kilolitre	\$2.40
Gundagai Area	
Non-Residential, per kilolitre	\$2.98

Minimum Sewer Charges

There is a minimum total annual charge for combined sewerage access charges and sewerage usage charges for non-residential property, other than non-residential community property.

When the final bill for the financial year is issued, the total sewer access and usage charges are compared to the minimum amount, and, if less than the minimum amount, the additional charge will be added.

Charge Description	Amount
Cootamundra Area	
Minimum Non-Residential Sewer Charge	\$426
Gundagai Area	
Minimum Non-Residential Sewer Charge	\$751

Payment of Rates and Charges

Payment Arrangements

Council land rates and annual charges are paid in a single instalment or by quarterly instalments. If a payment is made by a single instalment it is due on 31 August, and if it is paid by quarterly instalments it is due by 31 August, 30 November, 28 February and 31 May.

On or before the 31 October, 31 January and 30 April, Council will send reminder notices (separately from rates and charges notice) to each person paying by quarterly instalments (Section 562 NSW Local Government Act 1993).

For the payment of rates and charges, Council accepts payment by BPay, BPoint (telephone and online), cheque, money order, credit card, EFT and cash. Payment by credit card at the office will incur a credit card surcharge of 0.75% on the amount being paid.

Council provide an optional direct debit facility for the payment of rates and charges periodically (weekly, fortnightly, monthly or quarterly on nominated due dates). If a scheduled direct debit is dishonoured, a fee of \$10.00 (in addition to any applicable bank charges) will be added onto the rates assessment.

There will be no discounts for early payment of rates and charges.

Interest on overdue rates and charges

Interest on overdue rates and charges shall be set in accordance with section

566(3) of the NSW Local Government Act 1993, applying the maximum rate of interest payable as determined by the Minister of Local Government. The interest rate on overdue rates and charges for 2017-18 will be 7.5% per annum calculated daily.

A three day grace period will apply so that interest will not be charged on overdue balances paid within three days of the due date. If an overdue balance is not paid within the three day grace period, interest will be charged based on the number of days since the account became overdue.

Debt recovery

Council has a responsibility to recover monies owing to it in a timely, efficient and effective manner to finance its operations and ensure effective cash flow management. Council aims to ensure effective control over debts owed to Council, including overdue rates, fees, charges, and interest, and to establish debt recovery procedures for the efficient collection of receivables and management of outstanding debts, including deferment and alternative payment arrangements in accordance with Council's Debt Recovery Policy.

Hardship Assistance

Council recognises that there are cases of genuine financial hardship requiring respect and compassion in special circumstances. Council's Rates and Charges Financial Hardship Policy has established guidelines for assessment of hardship applications applying the principles of fairness, integrity, appropriate confidentiality, and compliance with relevant statutory requirements.

Copies of notices

The fee to reproduce and supply a copy of a previously issued rates or water and sewer notice will be \$5.00 per notice, payable in advance. A copy of a previously issued notice shall only be supplied to the owner of the property (or their nominated agent) for the period of which the notice is requested.

Proposed Borrowings

Council is not proposing to borrow any additional funds in the 2017-18 financial year.

