

**INVERELL SHIRE COUNCIL**

**NOTICE OF MEETING**

**ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE**

3 August, 2017

An Economic & Community Sustainability Committee Meeting will be held in the Committee Room, Administrative Centre, 144 Otho Street, Inverell on Wednesday, 9 August, 2017, commencing at 10.30am.

Your attendance at this Economic & Community Sustainability Committee Meeting would be appreciated.

**P J HENRY PSM**

**GENERAL MANAGER**

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**A G E N D A**

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<b>SECTION A</b>	<b>APOLOGIES CONFIRMATION OF MINUTES DISCLOSURE OF CONFLICT OF INTERESTS/PECUNIARY AND NON-PECUNIARY INTERESTS BUSINESS ARISING FROM PREVIOUS MINUTES</b>
<b>SECTION B</b>	<b>ADVOCACY REPORTS</b>
<b>SECTION C</b>	<b>COMMITTEE REPORTS</b>
<b>SECTION D</b>	<b>DESTINATION REPORTS</b>
<b>SECTION E</b>	<b>INFORMATION REPORTS</b>
<b>SECTION F</b>	<b>GENERAL BUSINESS</b>
<b>SECTION H</b>	<b>GOVERNANCE REPORTS</b>
<b>SECTION G</b>	<b>CONFIDENTIAL MATTERS (COMMITTEE-OF-THE-WHOLE)</b>

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## Quick Reference Guide

*Below is a legend that is common between the:*

- Inverell Shire Council Strategic Plan;
- Inverell Shire Council Delivery Plan; and
- Inverell Shire Council Operational Plan.



MINUTES OF THE ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING HELD IN THE COMMITTEE ROOM, INVERELL SHIRE COUNCIL, 144 OTHO STREET, INVERELL ON WEDNESDAY, 12 JULY, 2017, COMMENCING AT 9.21AM.

PRESENT: Cr A A Michael (Chairperson), Crs P A King, and C M Dight, S J Berryman, J N McCosker and M J Peters.

Paul Henry (General Manager), Ken Beddie (Director Corporate and Economic Services) and Brett McInnes (Director Civil and Environmental Services).

SECTION A

APOLOGIES:

Apologies were received from Cr Watts, Baker and Harmon due to personal reasons

*RESOLVED (Berryman/Peters) that the apology from Cr Watts for personal reasons be accepted and leave of absence be granted, and the apologies for Crs Baker and Harmon as previously resolved by Council be noted.*

1. CONFIRMATION OF MINUTES

*RESOLVED (Dight/King) that the Minutes of the Economic and Community Sustainability Committee Meeting held on 14 June, 2017 as circulated to members, be confirmed as a true and correct record of that meeting.*

2. DISCLOSURE OF CONFLICT OF INTERESTS/PECUNIARY AND NON-PECUNIARY INTERESTS

There were no interests declared.

3. BUSINESS ARISING FROM PREVIOUS MINUTES

Tingha Boundary Adjustment

The General Manager advised that he had ongoing discussions with the Member of the Northern Tablelands in this matter. The Hon Adam Marshall has advised that further information has been requested from Armidale Regional Council by the Office of Local Government to enable this matter to be moved forward.

SECTION D  
DESTINATION REPORTS

GM-A 1. COMMUNITY ENGAGEMENT STRATEGY S13.6.7

*RESOLVED (McCosker/King) that;*

- i) The information be received and noted; and*
- ii) Council continue with the Shire Tours on an annual basis, with stop off points in strategic locations, with all relevant groups being invited to meet with Council during these tours.*

SECTION E  
INFORMATION REPORTS

1. STATE LIBRARY ASSESSMENT AND COMPLIANCE REVIEW, INVERELL  
SHIRE PUBLIC LIBRARY, MAY 2017

*RESOLVED (Dight/Berryman) that the items contained in the Information Reports to the Economic & Community Sustainability Committee Meeting held on Wednesday, 12 July, 2017, be received and noted.*

SECTION F  
QUESTIONS WITHOUT NOTICE

Cr Dight Stanthorpe Chamber of Commerce AGM

Following from the BROOC meeting, Mr Wagner from Wellcamp Airport will be speaking at this event on the 3 August, 2017. Councillors are invited to attend this event.

CSO/P-A Cr Dight Committee Meeting Time S13.15.4/10

EXA-A *RESOLVED (King/Berryman) that the committee recommend to Council that, the Committee Meetings be rescheduled to commence at 9.00am on Committee Meeting days.*

Cr Dight Flying Fox Colony at Yetman

Cr Dight requested an update on the flying fox colony situation in Yetman.

The Director of Corporate and Economic Services, Ken Beddie, provided details in respect of this matter.

Cr Dight Old Grandstands

The Yetman Camp Draft Committee is in need of old grandstands to refurbish for use at their future events. Cr Dight requested that if anyone is aware of any grandstands that they please let her know.

GM State Government Development Fund

The General Manager provided details to the Committee in this matter, including the proposed State Government's Council Grouping. Council has advised the Government that its proposed grouping is not acceptable.

SECTION H  
GOVERNANCE REPORTS

1. GOVERNANCE – MONTHLY INVESTMENT REPORT S12.12.2/09

*RESOLVED (Dight/King) that the information be received and noted.*

There being no further business, the meeting closed at 10.20am.

CR A A MICHAEL

CHAIRPERSON

# ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING

Wednesday, 9 August, 2017

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TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 9/08/2017

<b>ITEM NO:</b>	1.	<b>FILE NO:</b> S5.10.136
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure.	<b>S</b>
<b>SUBJECT:</b>	<b>EXPIRING LICENCE AGREEMENT – STEVE ARENTZ</b>	
<b>PREPARED BY:</b>	Jessica Jenkins, Corporate Support Officer - Publishing	

**SUMMARY:**

The Licence Agreement between Council and Steve Arentz expired on 31 May, 2017. The Committee is requested to consider offering Mr Arentz a new Agreement.

**COMMENTARY:**

The Licence Agreement between Council and Mr Arentz for Part Unformed Road Adjoining Lot 4, DP 1093451, Rifle Range Road, Inverell expired on 31 May, 2017. The authorised use of the land is for the purpose of accessing adjacent property Lot 4 DP 1093541.

An inspection of the area confirms use is in accordance with the Licence Agreement.

It is noted that the licences are issued subject to the licensee providing Public Liability Insurance for \$10M. These Policies now cost over \$500 p.a.

Further noted is the last billed amount of \$92.70 (GST inclusive).

This licence will be terminated when Stage 2 of the Rifle Range Road subdivision is commenced.

The Committee is requested to consider offering Mr Arentz a new Agreement.

**RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND MANAGEMENT PLAN:**

**Strategy:** S.01 Sound Local Government Administration, Governance and Financial Management are provided.

**Term Achievement:** S.01.10 Best Practice in Land Use Administration has been adopted and implemented.

**Operational Objective:** To maintain a suitable portfolio of land for development and sale at a fair market price.

**POLICY IMPLICATIONS:**

Nil.

**CHIEF FINANCIAL OFFICERS COMMENT:**

Nil.

**LEGAL IMPLICATIONS:**

Nil.

**RECOMMENDATION:**

*That the Committee recommends to Council that:*

- i) Council renew the agreement with Steven Arentz for Part Unformed Road Adjoining Lot 4, DP 1093451, Rifle Range Road, Inverell;*
- ii) The licence agreement be for a two (2) year period;*
- iii) The Licence fee be \$92.70 per annum (GST Inclusive) with a 3% increase per annum; and*

- 
- iv) The Licence Agreement be subject to any other terms and conditions as negotiated by Council's General Manager.*



**TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 09/08/2017**

<b>ITEM NO:</b>	1.	<b>FILE NO:</b> S12.13.1
<b>DESTINATION 5:</b>	The communities are supported by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>RATING STRUCTURE AND CALCULATIONS</b>	
<b>PREPARED BY:</b>	Emma Murphy, Rates Clerk	

**SUMMARY:**

This information report provides Council with information on how Council's rates are calculated each year, while meeting legislative requirements.

**COMMENTARY:****Rate Categories**

Inverell Shire Council is governed by the *NSW Local Government Act 1993*, which sets the framework that allows Council to set its rates. In accordance with the Act all rateable land must be declared as Residential, Business, Farming or Mining. Subcategories can be set within this; Council currently has the following rating structure:

- **Residential**
  - Inverell
  - General
  - Ashford
  - Delungra
  - Gilgai
  - Yetman
  - Rural
- **Farmland**
  - Farmland
- **Business**
  - Inverell Industrial / Commercial
  - Other
- **Mining**
  - Mining (*coal mine or metalliferous mine*)

To determine the rates for each category, Council applies the "base rate" rating system; a base amount is applied, along with an ad valorem rate (variable rate for each rate category), the ad valorem rate or cents in the dollar is multiplied by the land value.

For example, a Residential property located in Inverell with a land value of \$69,300, had its general rates for 2017/18 calculated as:

Land Value		Ad valorem Rate		Sub total		Base amount	<b>Total General Rates</b>
\$69,300	x	.0124395	=	\$862.06	+	\$198.00	<b>\$1056.97</b>

### **Valuations**

All properties are valued by the Valuer General, every 3 years, these values are unimproved land value, so therefore, houses, sheds and structural improvements are not considered. These unimproved land values are then used to calculate the variable component of the rates.

There is a common misconception that if a property's valuation rises then Council will receive additional income, this is not the case, similarly if valuations decrease, Council's rating income does not decrease. The ad valorem rates in each rating category would change to reflect the movement in the land values.

The effects of valuation increases and the changes in ad valorem rates can visibly be seen in the table below, these are actual changes that have occurred in the shire.

During the 2005 and 2009 re-valuation, drastic increases occurred in the townships of Inverell and Delungra. As shown, Council's Total rating income only increased at the rate of the rate peg, not to the rate of the valuation change.

In 2005 the land values in the Inverell Township almost doubled, and as Council's income could not, the ad valorem rate had to virtually halve, from 2.349 to 1.190.

Similarly in Delungra, land values were stagnant in the 2001 and 2005 re-valuation, while in 2009, the land value in that category increased by 488%. So therefore, the ad valorem rate was adjusted, and the income received from that category, remained in line with the rate peg.

<b>Rating Year</b>			<b>Land Value</b>	<b>ad valorem rate</b>	<b>Total Rate category income</b>	<b>TOTAL Shire income</b>
2005/06	<b>Residential Inverell</b>	<b>2001 LV</b>	88,581,486	2.3490	2,590,404	<b>7,448,131</b>
2006/07		<b>2005 LV</b>	172,431,873	1.1900	2,720,264	<b>7,716,264</b>
2009/10		<b>2005 LV</b>	176,035,473	1.3551	3,070,057	<b>8,756,276</b>
2010/11		<b>2009 LV</b>	235,881,809	1.0575	3,182,900	<b>8,983,940</b>
2009/10	<b>Residential Delungra</b>	<b>2005 LV</b>	683,000	4.2600	54,471	<b>8,696,696</b>
2010/11		<b>2009 LV</b>	4,018,950	0.8400	59,134	<b>8,982,769</b>

### **Rate Peg**

Annually the increase to Council's rating income is determined by the Independent Pricing and Regulatory Tribunal (IPART), this percentage increase permitted is called the rate peg.

Rate pegging applies to a Council's overall general income and not rates on individual properties. Within rate pegging, it is possible for some individual rates to increase by more than the rate peg percentage, while other rates may increase by less than the rate peg limit.

Regardless of any land valuation movements and changes, following a re-valuation, Council's rating income can not exceed the rate peg increase.

Councils have the discretion to determine how to allocate the rate peg across the rating categories. Historically Council has spread the increase across all rate categories relatively evenly. The 2017/18 and average increase across all rate categories was maintained between 6.144% and 6.265%.

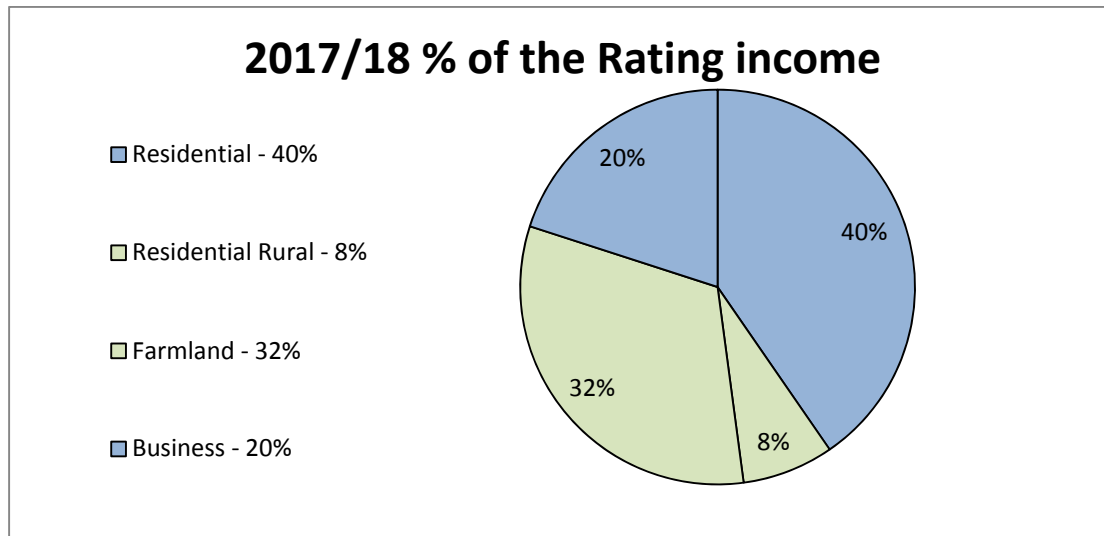
### **Rate History**

During the 1979 amalgamation between the Inverell and Ashford shire's, the elected Council implemented a rating structure that derived 60% of revenue from Residential and Business and 40% from Farmland. Since the implementation of this rating structure, Council has consistently applied all rate increase relatively evenly across all rating categories, with the only exception being that Farmland and Rural Residential now make up approximately 40% of the rating revenue as depicted in the table below.

**% OF REVENUE FROM CATEGORIES**

CATEGORIES	2014/15	2015/16	2016/17	2017/18	
RESIDENTIAL	40.20%	40.20%	40.23%	40.39%	→ 60.41%
BUSINESS	20.25%	20.25%	20.13%	20.02%	
MINING	0.00%	0.00%	0.00%	0.00%	
RURAL RESIDENTIAL	7.47%	7.46%	7.49%	7.50%	→ 39.59%
FARMLAND	32.08%	32.10%	32.15%	32.09%	
	100.00%	100.00%	100.00%	100.00%	

Further to this, Council's rating income for 2017/18 rating is received in the following proportion, from each category.



**How annual rates are calculated**

Calculating Councils permissible rating income is a straightforward calculation. The below is an example of the 2017/18 rates income calculation:

Take the land values from 1/7/16. 2013 Land values	+	Supplementary valuation changes, ie subdivisions	=	Total rateable Land Value	X	The 2016/17 base amount and ad valorem rates	=	2016/17 TOTAL notional income
1,078,348,418		4,203,029		1,082,551,447				10,780,501

2016/17 TOTAL notional income	+	Rate Peg / SRV %	=	2017/18 TOTAL Permissible General income
10,779,900*		673,744		11,453,644

\*Conservation agreement adjustments

The "Total Permissible General Income" must then be split across rate categories, using the 2016 land values.

	2016 Land values and total assessments		2017/18				
Rate Category	No of Assess	Rateable Land Value	Base amount	Cents in \$	Total Revenue	% of Total Revenue	% Increase of Total Revenue
Residential - Inverell	4090	261,735,846	198.00	1.24395	4,065,683	35.51	6.214
Residential - General	433	20,895,840	198.00	0.88290	270,223	2.36	6.203

Residential - Ashford	255	3,095,680	198.00	2.29680	121,592	1.06	6.231
Residential - Delungra	148	3,007,940	198.00	1.49670	74,324	0.65	6.234
Residential - Gilgai	106	3,494,800	198.00	1.12230	60,210	0.53	6.234
Residential - Yetman	66	1,000,240	198.00	1.93110	32,384	0.28	6.233
Business - Inverell Industrial	415	58,256,991	198.00	3.43925	2,085,774	18.22	6.144
Business - Other	144	7,572,163	198.00	2.34820	206,322	1.80	6.234
Residential Rural	928	112,584,670	198.00	0.59970	858,914	7.50	6.265
Farmland	1346	852,999,902	198.00	0.39956	3,674,754	32.09	6.233
Mining	0	-	198.00	2.80000	-	0.00	0.000
<b>TOTALS</b>					<b>11,450,179</b>		

### **Rate Compliance**

In order to ensure Councils don't exceed the rate peg, Councils must complete 'Special Schedule 8 – SS8' (formally the Statement of Compliance). SS8 is audited by the Auditor General.

SS8 compares what was levied in rates in the previous rates year, adds the rate peg, and ensures that the total rates levied for the current year have not exceeded the rate peg plus any Special Rate Variation. Once audited Special Schedule 8 forms part of Council's Annual Financial Statements.

### **More information**

For any ratepayers or interested persons, who are seeking further information or clarification, Council has available each year:

- A guide to understanding your Rates flyer (see Appendix 1, E6-E7), and
- Frequently Asked Questions – Rates and Charges, by the OLG (see Appendix 2, E8-E14).

### **RECOMMENDATION:**

*That the items contained in the Information Reports to the Economic & Community Sustainability Committee Meeting held on Wednesday, 9 August, 2017, be received and noted.*

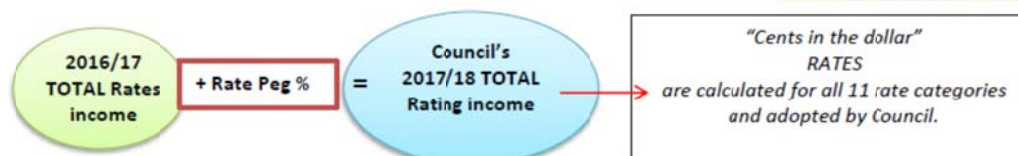
**Appendix 1**



## A guide to understanding your 2017/18 Rates

**What are land rates?** Land rates are a levy billed each financial year to fund the services and facilities provided by Council, other than roads. Rates are calculated on the value of land, and do not include any improvements such as buildings.

**Who decides the amount I have to pay?** The total income is subject to an approval process involving the Independent Pricing and Regulatory Tribunal (IPART) and the NSW Minister for Local Government.



**Does Council receive more money if my land value increases?** No, the income council can make from rates is capped in a process called rate pegging. Council must ensure that our total income received from rates does not grow past the limit set by IPART.

**Rate Categories** - All rateable land must be declared as Residential, Business, Farming or Mining. From this declaration, Council may adopt sub categories; Council currently has 11 in total.

**Will my rates increase because my land value has increased?** Possibly. If the value of your land value has increase by a greater percentage than others in the shire or the rate category. So, yes you could expect to pay a larger percentage of the combined general rates total, if your land value has increased, and vice versa.

**Why are my rates different to my neighbor?** General rates are made up of two components – a base amount and a variable rate or ad valorem rate (in proportion to the value). The ad valorem rate is set by Council, for each category and sub category; this rate is then multiplied by your land value.



An example of each rate category and the general rates charged is provided below for 2017/18:

Rate Category	Land Value example*	Cents in the \$	Ad valorem total	Base amount	Total General Rates
	LV	x	=	+	=Total General
Residential - Inverell	63,567	0.0124395	\$ 790.74	\$ 198.00	\$ 988.74
Residential - Ashford	12,140	0.0229680	\$ 278.83	\$ 198.00	\$ 476.83
Residential - Delungra	20,324	0.0149670	\$ 304.19	\$ 198.00	\$ 502.19
Residential - Yetman	15,155	0.0193110	\$ 292.66	\$ 198.00	\$ 490.66
Residential - Gilgai	32,970	0.0112230	\$ 370.02	\$ 198.00	\$ 568.02
Residential - General	48,258	0.0088290	\$ 426.07	\$ 198.00	\$ 624.07
Residential - Rural	121,126	0.0059970	\$ 726.39	\$ 198.00	\$ 924.39
Business – Inverell	141,722	0.0343925	\$ 4,874.17	\$ 198.00	\$ 5,072.17
Business – Other	52,775	0.0234820	\$ 1,239.26	\$ 198.00	\$ 1,437.26
Farmland	633,605	0.0039956	\$ 2,531.63	\$ 198.00	\$ 2,729.63
Mining	0	0.0280000	0.00	\$ 198.00	\$ 198.00

*\*Whilst the land value figures above are only an example only, it is an accurate example of that locality.*





**INVERELL  
SHIRE COUNCIL**

**Why do I have to pay rates?** The funds collected in annual rates enable Council to help the local community to run smoothly. Council administers various laws and regulations to help maintain and improve services and facilities for the community. These services include community services, sporting and recreation services, environmental planning, local infrastructure, public health, environmental protection and waste collection, treatment and disposal.



**When do I have to pay my rates and charges?** - Rates and charges notices are issued in July each year. There are two options available to pay your rates and charges:

- Option 1 – Pay in full by 31 August each year
- Option 2 – Pay by quarterly installments due on, 31 August, 30 November, 28 February, 31 May

**How can I pay my rates?**

	At Council	Yetman RTC	Ashford RTC	Texas Post Office	Mail	B Pay	Phone	Website
Cash	✓	✓	✓	✓				
Credit Card* (Visa, Mastercard)	✓						✓	✓
Cheque	✓	✓	✓	✓	✓			
Money order	✓	✓	✓	✓	✓			
EFTPOS / Debit card	✓					✓		
Direct Debit	✓							
Centerpay	✓							

\*A merchant fee does apply

## Annual Charges



**Annual Water Charge** – All rateable land that is situated within 225 metres of a water pipe of the council is subject to the annual water availability charge, whether connected or not. The charge for this year is \$364.00 per year, or per connected meter.

**Garbage Collection** – Council charges an annual charge for domestic waste management on all land that is serviced by the Garbage Collection Service. The occupied rate is \$320 per year, which includes one 240L waste collection per week, and one recycle collection per fortnight. Undeveloped (vacant) land that is within the serviced area is subject to a \$50 charge.



**The annual waste management charge** is levied on all rateable land within the Shire. Income from the Annual Waste Management Charge is utilised to directly offset part of the substantial costs associated with the management and maintenance of Council's Waste Depots and associated programs. The Annual Waste Management Charge for this year is \$80 per assessment.



**Annual Sewer Charge (residential)** All Residential properties that are situated within 75 metres of a sewer main connected or not, are charged the Annual Sewer Charge, of \$500. Different sewer rates apply for flats, units, duplex's and commercial properties.

**Storm water Management Charge** – For all properties within the urban area, \$25 is charged per residential assessment, \$12.50 per Residential Strata lot and \$25.00 for Business Premises for each 350 square meters or additional part thereof, subject to a maximum on Business Premises of \$250.

Administration Centre, 144 Otho Street (PO Box 138), Inverell NSW 2360

Ph: 02 67 288 288 Fax: 02 67 288 277

DX 6159

[www.inverell.nsw.gov.au](http://www.inverell.nsw.gov.au)

## Appendix 2



**Office of  
Local Government**

### **Frequently Asked Questions – Rates and Charges**

#### **Why do you have to pay council rates?**

Councils help local communities run smoothly. They administer various laws and regulations to help maintain and improve services and facilities for the community. These services may include community services, sporting and recreation services, environmental planning, public health, environmental protection and waste collection, treatment and disposal. The rates you pay allow your council to fund these services.

#### **How does a council decide how much you have to pay in rates and charges?**

Each council is required to determine the combination of rates, charges, fees and pricing policies needed to fund the services it provides to the community. This is called a revenue policy. The revenue policy contains a rating structure that determines which rates and charges you will have to pay and how they will be calculated. Charges are generally determined on either an annual basis or according to usage – or they may be a combination of both, for example, water and sewer charges.

Councils can choose how they calculate and distribute rates among categories of rateable properties in the council area. For each category or sub-category, rates can be calculated in one of three ways. They can be based:

- entirely on the land value of the property
- on a combination of the land value of the property and a fixed amount per property
- entirely on the land value, but subject to a minimum amount.

The land value is determined by the Land and Property Information Division of the Department of Finance and Services on behalf of the NSW Valuer General [www.lpi.nsw.gov.au](http://www.lpi.nsw.gov.au).

#### **How does council decide which category your property is in?**

Each parcel of land must be included in one of four categories for rating purposes – residential, business, farmland or mining. Council decides which category your property should be in based on its characteristics and use. Most people are charged ordinary rates under the residential category.

Office of Local Government  
 5 O'Keefe Avenue NOWRA NSW 2541  
 Locked Bag 3015 NOWRA NSW 2541  
 T 02 4428 4100 F 02 4428 4199 TTY 02 4428 4209  
 E [dlg@dlg.nsw.gov.au](mailto:dlg@dlg.nsw.gov.au) W [www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au) ABN 44 913 630 046



**What can you do if you don't agree with the categorisation of your property?**

Categories are important, because rates differ depending on the category of the land. So if your land is, for example, categorised as residential you may pay a lower rate per dollar of land value than if your land is categorised as business.

If you are not satisfied with the category given to your property, you may apply to council for the category to be reviewed. If you do this, council must notify you of their decision and the reasons for that decision. If you still do not agree with the category given to your property, you may appeal to the Land and Environment Court. You must do this within 30 days of receiving council's review decision. Contact the court to find out how to lodge an appeal.

**Can council change the category of your land?**

Yes. However, they must notify you of this change and advise that you can seek a review by the council if you don't agree with the category. This notice must also explain your appeal rights to the Land and Environment Court.

**What if you don't agree with the land value of your property?**

Councils don't determine your land value for rating purposes. Land is valued by the Valuer General under the Valuation of Land Act 1916 (as amended). These valuations are carried out approximately every four years and you should get a valuation notice after it is done.

If you don't agree with the land value, you have 60 days to object. The Land and Property Information Division of the Department of Finance and Services will give you an objection form free of charge by calling 1800 110 038 or you can download a form at <http://www.lpi.nsw.gov.au/>.

Even if you lodge an objection, you must still pay your rates while your objection is being considered. Whatever the Land and Property Information Division decides about your objection, they must advise you in writing. If you still don't agree with the valuation, you have limited time to appeal to the Land and Environment Court. The response sent by the Valuer General will explain the final date for an appeal.

**Is there any way of knowing what your rates and charges will be before receiving your rate notice?**

Every year, before the final amounts are fixed, councils must prepare a draft operational plan that includes their proposed revenue policy for the following year. This policy must include details of all rates and charges that the council is proposing to levy on ratepayers. The draft operational plan must be made available to the public.

## 3

**Can you object to what council is proposing?**

The draft operational plan must be put on exhibition to give members of the public an opportunity to comment. This usually happens around April or May each year. Councils must consider any submissions by the public before adopting the plan. This is your opportunity to raise any issues about the rates and charges for the following year. Once the rates and charges have been adopted for a particular year, they cannot be changed until the next year.

**What is rate pegging?**

Under the Local Government Act 1993, the total amount of income that a council can raise from certain rates and charges is limited. This is called the rate peg percentage. The rate peg is determined on an annual basis.

Because of rate pegging, a council's overall rates revenue cannot increase by more than the approved percentage increase.

If overall land values rise, councils may have to reduce or otherwise adjust the amount of rates levied per dollar so that total income does not grow by more than the approved percentage increase.

**Who determines the rate peg?**

The Independent Pricing and Regulatory Tribunal of New South Wales (IPART) determines the rate peg that applies to councils' general income.

IPART is the independent economic regulator for NSW. IPART oversees regulation in the electricity, gas, water and transport industries and undertakes other tasks referred to it by the NSW Government.

**How is the rate peg determined?**

IPART determines the rate peg that will apply to all councils for the year using a Local Government Cost Index. The Index assists in calculating the operational costs of councils in New South Wales.

The rate peg percentage is calculated by subtracting a determined productivity factor for councils from the Local Government Cost Index.

Further details about the methodology IPART uses to determine the rate peg can be found on IPART's website at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au).

**How long has rate pegging been in place?**

Rate pegging has been in place since 1977.



**Does a council have to apply the full rate peg increase?**

A council may apply the full rate peg percentage, a portion of the rate peg percentage, or it may determine not to apply the rate peg increase at all.

**Why did my rates go up by more than the rate peg percentage?**

Within rate-pegging, it is possible for some rates to increase by more than the rate-peg limit while others may increase by less than the rate-peg limit. In some cases, rates may decrease from the previous year.

A council's rating structure and valuation changes are the main factors that will determine what happens to rates on an individual property. A general revaluation by the Valuer-General may result in the value of some land in a council area increasing or decreasing by more than other land. Where this happens the rates burden will shift. Councils may decide to vary rating structures from year to year to compensate for this.

**Can your rates increase by more than the rate-peg percentage?**

Yes. Rate pegging applies to a council's overall general income and not to rates on individual properties. Within rate pegging, it is possible for some rates to increase by more than the rate peg percentage, while other rates may increase by less than the rate peg limit. In some cases, rates may decrease from the previous year. A council's rating structure and valuation changes are the main factors that determine what happens to rates on an individual property. Rating structures may change significantly from year to year.

**Are all rates and charges limited by rate-pegging?**

No. Only ordinary rates are subject to rate pegging. Rates and charges for waste management, water, sewerage and stormwater are not subject to rate pegging.

**Is there any way that councils can increase their income by more than the rate-peg limit?**

Under the Local Government Act 1993 (Act), councils are able to apply for additional increases in general income beyond the annual rate peg amount. This is referred to as a 'special rate variation'.

Under the Act, councils may apply for a single year increase under section 508(2), or a multi-year increase (of between two and seven years) under section 508A.

IPART has been delegated responsibility for assessing and determining special rate variations, however the NSW Government has retained responsibility for setting the policy framework under which applications will be assessed. This is reflected in the Government's Special Rate Variation Application Guidelines, which sets out the assessment criteria that IPART must use when assessing applications.

Councils may seek a special rate variation in order to undertake environmental works, fund town improvements, redevelop community and civic facilities, address maintenance backlogs and maintain or improve existing service provision.

Local councils that are seeking special variations to general income above the rate peg amount are required to submit applications to IPART for review and assessment. The council must include details of its intention to apply for a special variation in its draft delivery program and operational plan and must consider any submissions received from the public. If a council's application is approved, IPART will specify the percentage by which the council may increase its general income.

**What does IPART take into account when it assesses a special variation application?**

In accordance with the Special Variation Guidelines, IPART must assess special variation applications against criteria set out in the [Special Variation Guidelines](#).

**Is there any way to control the increases on rates and charges that are not subject to rate-pegging?**

Even though certain rates and charges are not subject to rate pegging, councils are still required to provide details in their draft operational plan and related draft revenue policy of what they are proposing to charge. Councils must consider submissions from the public before adopting the proposed rates and charges.

Annual charges for domestic waste management services and stormwater must be calculated to reflect the reasonable cost of providing those services to the community.

**Do you have to pay a domestic waste management service charge if you don't use the service?**

Yes. The Local Government Act 1993 requires councils to levy an annual charge for providing domestic waste management services on all parcels of rateable land for which the service is available, whether or not it is actually used. It is considered that all property owners should contribute to the current and future provisions of waste services.



**If you don't use the service, do you have to pay the same amount as those who do use it?**

Councils can charge properties that do not use the service a different amount from those that do use it. However it is up to each council to decide whether they want to do this.

**Why have water and sewerage charges changed?**

The NSW Office of Water has issued best practice pricing guidelines to encourage the effective and efficient delivery of water supply and sewerage services, and to promote sustainable water conservation practices and water demand management throughout NSW. Until these guidelines were produced, councils adopted various methods of charging for water supply and sewerage services. Councils are now moving to best practice pricing. As a result, the way in which you are charged for these services may have changed quite significantly.

**Why is my council levying a stormwater management service charge?**

Urbanisation has resulted in increases in impervious surfaces and has significantly increased the volume of and pollutant load in stormwater flowing into urban waterways. These flows lead to waterway pollution as well as flooding in some areas.

To help councils better fulfil their role in managing these stormwater issues, the Local Government Act 1993 was amended in 2005 to allow them the option of levying an annual stormwater management service charge. The purpose of the charge is to help councils fund new or additional stormwater management activities. These activities may include stormwater pollution prevention, flood mitigation, rainwater and stormwater harvesting, community education programs and stormwater drainage systems operations and maintenance.

Councils that choose to levy the charge have to meet certain requirements, including consulting with their community through their annual planning process prior to levying the charge. The maximum amount that a council can charge is \$25 for an average residential block, and the charge can only be levied on properties where council provides a stormwater management service.

Contact your local council to find out what stormwater management services your council is providing for any stormwater management service charge levied on your land.

**As a pensioner, are you eligible for a concession/rebate on your rates?**

Concessions are available for eligible pensioners. To be an eligible pensioner you must receive a pension from either Centrelink or the Department of Veterans' Affairs, and be entitled to a pensioner concession card issued by the Commonwealth Government. You can only claim a concession on the property if it is the sole or principal place you live.

**How do you apply for a pensioner concession?**

You need to complete a pensioner concession application form. You can obtain these forms from your council.

**If you are eligible, what concessions are you entitled to?**

Half of the total of your ordinary rates and domestic waste management service charge, up to a maximum of \$250.

Half of your water rates or charges, up to a maximum of \$87.50.

Half of your sewerage rates or charges, up to a maximum of \$87.50.

**Does the amount of the concession increase with inflation or in line with rate increases?**

No. The amounts are fixed.

**Is there any plan to increase the concession amounts?**

Although expanding the current concession may be desirable, the NSW Government has to take into account the budgetary implications of any change to current funding arrangements. The cost of providing mandatory concessions is met by both state and local government. Any increase would affect the capacity of the NSW Government and councils to provide other programs and services to the community.

**Can councils offer additional concessions for pensioners?**

Yes, although the cost of providing additional concessions must be met entirely by the council. It is up to each council to decide whether to grant additional concessions.

**What if you cannot afford to pay your rates?**

You may be eligible for a concession on the grounds of hardship. Councils may also be able to assist by agreeing to alternative payment plans or writing off interest on unpaid rates. If you are having difficulty in paying your rates, you should contact your council as soon as possible to discuss the options available.

**Can you be exempt from paying council rates?**

There are some parcels of land that are exempt from rates and charges. These include parcels of land within a national park and land that belongs to, for example, a religious body or school. Unless you meet the exemption criteria outlined in the Local Government Act 1993, you cannot be exempt from paying rates.

TO ECONOMIC & COMMUNITY SUSTAINABILITY COMMITTEE MEETING 12/07/2017

<b>ITEM NO:</b>	1.	<b>FILE NO:</b> S12.12.2/09
<b>DESTINATION 5:</b>	The communities are served by sustainable services and infrastructure	<b>S</b>
<b>SUBJECT:</b>	<b>GOVERNANCE - MONTHLY INVESTMENT REPORT</b>	
<b>PREPARED BY:</b>	Paul Pay, Manager Financial Services	

**SUMMARY:**

To report the balance of investments held as at 31 July, 2017

**COMMENTARY:**

Contained within this report are the following items that highlight Council's Investment Portfolio performance for the month to 31 July, 2017 and an update of the investment environment:

- (a) Council's investments as at 31 July, 2017
- (b) Council Investments by Fund as at 31 July, 2017
- (c) Interest – Budgeted vs Actual.
- (d) Investment Portfolio Performance.
- (e) Investment Commentary.
- (f) Certification – Responsible Accounting Officer.

A) Council Investments as at 31 July, 2017

Term Deposit Investment Group										
Investment No.	Borrower	FUND	Rating	Risk Rating	Purchase Date	Maturity Date	Current Yield	Principal Value	Current value	Term (days)
15/09	CBA	General	A1+	1	01-Sep-14	01-Sep-17	3.90%	1,000,000	1,000,000	1096
17/17	National Australia Bank	Water	A1+	1	27-Sep-16	27-Sep-17	2.70%	1,000,000	1,000,000	365
17/13	CBA	General	A1+	1	17-Sep-16	17-Sep-17	3.00%	1,000,000	1,000,000	365
17/33	St George Bank	General	A1+	1	02-Jan-17	02-Oct-17	2.71%	1,000,000	1,000,000	273
17/18	St George Bank	General	A1+	1	07-Oct-16	07-Oct-17	3.00%	2,000,000	2,000,000	365
17/19	St George Bank	General	A1+	1	07-Oct-16	07-Oct-17	3.00%	2,000,000	2,000,000	365
17/44	National Australia Bank	General	A1+	1	13-Apr-17	10-Oct-17	2.57%	1,000,000	1,000,000	180
17/22	St George Bank	General	A1+	1	16-Oct-16	16-Oct-17	3.00%	1,000,000	1,000,000	365
17/40	AMP BANK	General	A1	2	30-Mar-17	27-Nov-17	2.75%	2,000,000	2,000,000	242
17/42	AMP BANK	Water	A1	2	30-Mar-17	27-Nov-17	2.75%	1,000,000	1,000,000	242
17/43	AMP BANK	General	A1	2	30-Mar-17	27-Nov-17	2.75%	1,000,000	1,000,000	242
17/41	AMP BANK	General	A1	2	30-Mar-17	27-Nov-17	2.75%	1,000,000	1,000,000	242
17/48	NAB	Sewer	A1+	1	30-May-17	27-Nov-17	2.50%	2,000,000	2,000,000	181
17/49	Bank West	General	A1+	1	30-May-17	27-Nov-17	2.50%	2,000,000	2,000,000	181
17/50	Suncorp Bank	General	A1+	1	30-May-17	27-Nov-17	2.60%	1,000,000	1,000,000	181
17/51	Bank of Queensland	General	A1	2	30-May-17	27-Nov-17	2.65%	1,000,000	1,000,000	181
17/52	National Australia Bank	General	A1+	1	02-Jun-17	27-Nov-17	2.50%	2,000,000	2,000,000	178
17/28	St George Bank	Water	A1+	1	01-Dec-16	01-Dec-17	2.75%	1,000,000	1,000,000	365
17/30	Suncorp	General	A1+	1	14-Dec-16	14-Dec-17	2.75%	1,000,000	1,000,000	365
17/31	National Australia Bank	General	A1+	1	14-Dec-16	14-Dec-17	2.72%	2,000,000	2,000,000	365
17/32	Community Mutual	Water	NR	3	14-Dec-16	14-Dec-17	2.90%	2,000,000	2,000,000	365
17/46	Suncorp	General	A1+	1	27-Apr-17	08-Jan-18	2.58%	1,000,000	1,000,000	256
17/47	Suncorp	General	A1+	1	27-Apr-17	08-Jan-18	2.36%	1,000,000	1,000,000	256
17/34	National Australia Bank	General	A1+	1	09-Jan-17	09-Jan-18	2.70%	1,000,000	1,000,000	365
1802	Bank West	Sewer	A1+	1	17-Jul-17	17-Jan-18	2.50%	2,000,000	2,000,000	184
17/39	National Australia Bank	General	A1+	1	15-Mar-17	15-Mar-18	2.63%	2,000,000	2,000,000	365
17/55	CBA	General	A1+	1	16-Jun-17	12-Apr-18	2.59%	1,000,000	1,000,000	300
18/03	St George Bank	General	A1+	1	17-Jul-17	17-Apr-18	2.52%	2,000,000	2,000,000	274
17/45	CBA	General	A1+	1	18-Apr-17	18-Apr-18	2.64%	1,000,000	1,000,000	365
17/53	CBA	General	A1+	1	09-Jun-17	08-Jun-18	2.56%	1,000,000	1,000,000	364
17/54	National Australia Bank	General	A1+	1	14-Jun-17	14-Jun-18	2.53%	1,000,000	1,000,000	365
17/56	Westpac Bank	General	A1+	1	28-Jun-17	28-Jun-18	2.69%	2,000,000	2,000,000	365
17/57	Westpac Bank	Water	A1+	1	28-Jun-17	28-Jun-18	2.69%	1,000,000	1,000,000	365
17/58	Westpac Bank	General	A1+	1	28-Jun-17	28-Jun-18	2.69%	2,000,000	2,000,000	365
18/01	CBA	General	A1+	1	17-Jul-17	17-Jul-18	2.56%	3,000,000	3,000,000	1095
15/10	Bank of Queensland	General	A1	2	02-Sep-14	03-Sep-18	4.10%	1,000,000	1,000,000	1462
Sub Total - Term Deposit Investment Group								TOTALS	51,000,000	51,000,000



<b>Cash Deposits Accounts Investment Group</b>									
<i>As at Date</i>	<i>Borrower</i>	<i>FUND</i>	<i>Rating</i>	<i>Risk Rating</i>	<i>Purchase Date</i>	<i>Maturity Date</i>	<i>Current Yield</i>	<i>Principal Value</i>	<i>Current value</i>
31-7-17	National Australia Bank (Cash Maximiser)	General	A1+	1			1.75%	1,000,000	1,000,000
<b>Sub Total - Cash Deposits Accounts Investment Group</b>								1,000,000	1,000,000

<i>As at Date</i>	<i>Borrower</i>	<i>FUND</i>	<i>Rating</i>	<i>Risk Rating</i>	<i>Purchase Date</i>	<i>Maturity Date</i>	<i>Current Yield</i>	<i>Principal Value</i>	<i>Current value</i>
<b>Sub Total - Floating Rate Notes Investment Group</b>							-	-	

<b>Structured Products Investment Group</b>										
<i>As at Date</i>	<i>Borrower</i>	<i>FUND</i>	<i>Rating</i>	<i>Risk Rating</i>	<i>Purchase Date</i>	<i>Maturity Date</i>	<i>Current Yield</i>	<i>Principal Value</i>	<i>Written Down Value</i>	<i>Current value</i>
<b>Sub Total - Structured Products Investment Group</b>							-	-	-	-

The written down value of the Structured Product Investment Group as at 30 June 2017 was zero. The most recent valuation of the last remanding Lehman Brothers security was written down to zero (from \$9,810) on the advice of our Investment Advisors, CPG Research & Advisory P/L. As previously advised the write down in the value of Structured Products, has been funded from previous years above benchmark investment returns (\$6.8M) which had been held in Internal Restricted Assets. These investments were all rated AA- and up to AAA (strong investment grade) when they were entered into and were permissible under the Ministers Investment Order. As Noted by the Auditor in their 2014/2015 Audit Report, the Sewer Fund maintains a sound financial position to meet its operational requirements and the Water Fund maintains a strong financial position.

**B) Council Investments by Fund 31 July, 2017**

Portfolio by Fund	30/06/2017	31/07/2017
General Fund	42,000,000	42,000,000
Water Fund	7,000,000	6,000,000
Sewer Fund	6,000,000	4,000,000
<b>TOTAL</b>	<b>\$ 55,000,000.00</b>	<b>\$ 52,000,000.00</b>

Council investment portfolio has decrease by \$3,000,000 throughout July 2017. This was in respect of normal cash flow movements for receipts collected and payments made during July 2017

While the level of Investments has been largely maintained over recent years these will decrease during 2017/2018 as a number of major projects are completed. These include:

- Inverell Sewerage Treatment Works \$ 2.0 M
- Infrastructure Backlog Program \$ 4.01M
- Waste Infrastructure Program \$ 1.5M
- 2017/2018 Revotes \$TBA
- 

In addition to these amounts Council also holds substantial unexpended Grant Funds in the General Fund which can only be utilised for the purpose for which they were granted.

**C) Interest – Budgeted verses Actual Result to Date**

	Ledger	2017/2018 Budget	Actuals to Date
General Fund	128820	879,000.00	7,508.22
Water Fund	812350	50,000.00	510.15
Sewer Fund	906320	70,000.00	5,361.65
<b>TOTAL</b>		<b>\$ 999,000.00</b>	<b>\$ 13,380.02</b>

The interest received to date (cash basis) is in accordance with Budget and does not include accruals. It is again expected that Council's Investment Portfolio will achieve benchmark returns in 2016/2017.

**D) Investment Portfolio Performance**

Investment Portfolio Return		Benchmarks		
	% pa	RBA Cash Rate	Aus Bond Bank Bill	11am Cash Rate
Benchmark as at 31-7-2017		1.50%	1.79%	1.52%
Term Deposits	2.75%			
Cash Deposit Accounts	1.50%			
Floating Rate Notes				
Structured Products*	0.00%			

\*Structured Products exclude 1 CDO's currently in default and returning zero coupon

**E) Investment Commentary**

Council's investment portfolio returns exceeded the 11am Cash Rate benchmark in all investment categories except for Structured Products and Cash Deposits Accounts. Term Deposits exceed the UBSA Bank Bill Index benchmark. Money is held in cash deposits accounts for liquidity purposes.

Council's investment portfolio of \$52m is almost entirely invested in fixed term deposits. Overall, the portfolio is highly liquid, highly rated and short-dated from a counterparty perspective.

The Reserve Bank (RBA) left the cash rate unchanged at 1.50% at its board meeting on 04th July 2017 as widely expected. A little change in the RBA's commentary from last month surprised markets, despite a pickup in job growth in recent months, reaffirmed the neutral policy stance.

The RBA does not yet appear convinced that the improvement in the labour market is sufficient to begin thinking about tightening rates. However the increase in retail spending and stronger labour market of late suggests that the possibility of another rate cut in the short term is certainly becoming more remote.

The RBA will meet again on the 1 August and with annual rate of inflation down to 1.9 per cent and below the RBA benchmark target of 2-3 per cent it is widely anticipated that the Cash Rate will remain on hold.

Council staff will continue to monitor interest movements to ensure the best possible returns on investments.

**F) Certification – Responsible Accounting Officer**

I Ken Beddie, hereby certify that the investments listed in this report have been made in accordance with Section 625 of the *Local Government Act 1993*, Clause 212 of the Local Government (General) Regulations 2005 and Council's Investment Policy.

**RELATIONSHIP TO STRATEGIC PLAN, DELIVERY PLAN AND MANAGEMENT PLAN:**

**Strategy:** S.01 Sound Local Government Administration, Governance and Financial Management are provided.

**Term Achievement:** S.01.02 A sound long term financial position is maintained.

**Operational Objective:** S.01.02.01 To manage Council Finances with the view to ensuring Council's ongoing financial health and stability, the discharge of statutory and fiduciary responsibilities, proper accounting systems and standards and an efficient and equitable revenue base.

**POLICY IMPLICATIONS:**

Nil.

**CHIEF FINANCIAL OFFICERS COMMENT:**

It is noted that the volatility for current financial markets and pending legal actions will not impact on Council's Rates and Charges, its ability to deliver its existing Services across the funds, or its medium or long term sustainability. Council's overall Investment Portfolio remains sounds.

**LEGAL IMPLICATIONS:**

Nil.

**RECOMMENDATION:**

*That:*

- i) the report indicating Council's Fund Management position be received and noted;  
and*
- ii) the Certification of the Responsible Accounting Officer be noted.*