



**Edward
River**
COUNCIL

Date: Thursday, 24 September 2020
Time: 9.00am
Location: RFS Building, Macknight Drive,
Deniliquin

BUSINESS PAPER

Supplementary Reports

Ordinary Council Meeting

24 September 2020

Philip Stone
General Manager

Order Of Business

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10 REPORTS TO COUNCIL**10.1 RATES HARMONISATION PROJECT - RECOMMENDED RATE STRUCTURE****Author:** Amanda Barber, Manager Finance**Authoriser:** Suni Campbell, Director Corporate Services**RECOMMENDATION**

That Council endorses

1. the preferred rate structure, as set out in 'Attachment 1&2 - Preferred Rate Structure – Option 8', for the purposes of commencing community information and engagement.
2. The Community Engagement Plan as set out in Attachment 3.

BACKGROUND

In May 2016 the Local Government (Council Amalgamations) Proclamation amalgamated the former Conargo Shire and Deniliquin Councils into Edward River Council.

With the restriction on amalgamated councils to maintain the rate path last applied for the land by the relevant former council, Council has been allowed to apply more than one rate structure in certain rate categories for 2017-18, 2018-19, 2019-20 and current financial year 2020-21. For example:

<u>Category</u>	<u>Structures</u>	<u>Source</u>
Farmland	solely ad valorem* ad valorem subject to minimum amount	Former Deniliquin Former Conargo
Residential	ad valorem rate plus a base amount ad valorem subject to minimum amount	Former Deniliquin Former Conargo
Business	solely ad valorem ad valorem subject to minimum amount	Former Deniliquin Former Conargo

* As defined in section 498(2) of the Local Government Act 1993, The ad valorem amount of a rate is to be levied on the land value of rateable land, except as provided by this or any other Act.

At the end of the rate freeze, the different rating structures are to be harmonised in accordance with the legislative framework.

The Local Government Amendment (Rates-Merged Council Areas) Act 2017 provided the transitional provisions for maintenance of pre-amalgamated rate paths and provides for the Minister to make a determination for the purpose of maintaining the rate path, initially being 3 rating years (ending 30 June 2020).

On 25 June 2019, the Local Government Amendment Act 2019, which now provides for the rates path freeze **at four years (ending 30 June 2021)**.

ISSUE/DISCUSSION

In June 2019, Council has established an internal working group and engaged Morrison and Low - a NSW based Local Government consultancy firm with experience providing rate and revenue harmonisation services.

Between June and December 2019, Morrison and Low conducted several working group workshop sessions, provided briefings and sought feedback from councillors at the September, November and December councillor workshops.

At the councillor workshop held 5 December 2019, councillors considered all of the preferred models and endorsed Option 5 as the preferred the rate structure dated 19 December 2019 as per **resolution 2019/12/305** (this motion has been **rescinded** as per **resolution 2020/29**).

Determining a preferred harmonised rate structure

Council established a working group and carried out a series of briefings and information sessions, and facilitated councillor workshops to receive feedback and consider the:

- Rates Harmonisation – legislative information
- Rates Harmonisation Action Plan
- Land Tax Principles – Fairness and Efficiency
- Service Pricing and Rates Benefits
- Capacity to Pay
- Rating Structure Options

At the workshop session held 17 September 2020, councillors considered the preferred Harmonised Rate Structure (**Option 8**) for the next project phase - community engagement. The preferred option, Option 8, is set out – refer **Attachment 1 & 2**.

Category and Sub Category	# of Assessments	Land value 2019 (1000s)	Ad Valorem	Min Rate	Base Rate
Farmland					
- Dry	75	\$50,447	0.0027144		\$500
- Irrigable	783	\$593,368	0.0036193		\$550
Residential					
- Other	440	\$44,928	0.0057440		\$380
- Village	92	\$3,907	0.0075144		\$315
- Town	3,106	\$197,950	0.0088370		\$450
Business					
- Other	62	\$2,106	0.0023570	\$470	
- Town	465	\$42,810	0.0235698	\$540	

Rating structure model (Option 8)

The 2019 General Land Revaluation was received by ERC, resulting in an overall increase of 53.6%. This increase occurred mostly in the Primary production area. Option1-5 were modelled using the 2016 land valuation Baseline. The new options 6,7 and 8 have been developed and discussed since August this year, all these three options have incorporated the new 2019 land valuations.

The preferred Harmonised Rates Structure (**Option 8**) contains a subcategory for Farmland, and more defined definitions of the terminology used in Residential (Sub) categories, as per Local Government Act 1993. In Option 8, Base Rates have been used in Farmland and Residential, and a Minimum Rate applied to both Business Rate Sub-categories, this is reflected across categories and subcategories.

Farmland - Ad valorem & Base Rate

- 1) Dryland – calculated on the land value of all rateable land, which, in Council's opinion, qualifies as farmland as defined in *section 515 of the Local Government Act 1993*.
 - 1.
- 2) Irrigable – calculated on the land value of all rateable land, which, in Council's opinion, qualifies as farmland as defined in *section 515 of the Local Government Act 1993*. *Section 529 of the Local Government Act 1993* states Land may be taken to be irrigable for the purposes of subsection (2)(a) if, and only if, it is the subject of a water right within the meaning of the *Valuation of Land Act 1916*.

Residential - Ad valorem & Base Rate

- 1) Residential Town (Deniliquin) – Set in terms of *sections 516 and 529 of the Local Government Act 1993*, calculated on the land value in respect of all rateable lands situated in the centres of population defined as Deniliquin excluding:
 - a. Business, that is town and surrounding land, rated in accordance with the provisions of *section 518 of the Local Government Act 1993*;
 - b. Farmland, rated in accordance with the provisions of *section 515 of the Local Government Act 1993*.
 - 2.
- 2) Residential Village – residential in the villages of Conargo and Wanganella rate in terms of *sections 516 and 529 of the Local Government Act 1993*, calculated on the land value of all rateable land situated in the centres of population defined by Council as the villages of Conargo and Wanganella excluding:
 - a. Business - Villages and Rural land, rated in accordance with the provisions of *section 518 of the Local Government Act 1993*;
 - b. Residential (Other) land as defined;
 - c. Farmland, rated in accordance with the provisions of *Section 515 of the Local Government Act*, within such centres of population
 - 3.
- 3) Residential Other – Calculated on the land value in respect of all rateable land within the Council's opinion, is land which:
 - a. Is not less than two (2) hectares and not more than 40 hectares in area;
 - b. Is either:
 - i. Not zoned or otherwise designated for use under an environmental planning instrument;
 - ii. Zoned or otherwise designated for use under such an environmental planning instrument for non-urban purposes;
 - c. Does not have a significant and substantial commercial purpose or character.
 - i. Excluded Business which is rated in accordance with the provisions of *section 518 of the Local Government Act 1993*, also Farmland, rated in accordance with the provisions of *section 515 of the Local Government Act 1993*, within centres of population.

Business - Ad valorem & Minimum

- 1) Business Town (Deniliquin) – calculated on the land value of all rateable non-residential land, which cannot be classified as residential, or farmland land in the centres of population

defined as the Town of Deniliquin, in terms of *sections 518 and 529 of the Local Government Act 1993*.

- a. A minimum rate of \$540 for each parcel of land as prescribed under *section 548 of the Local Government Act 1993* shall apply to this rate.

4.

- 2) Business Other – calculated on the land value of all rateable land in the Council’s area, in terms of *sections 518 and 529 of the Local Government Act 1993*:
 - a. Excluding Lands defined as Business Deniliquin, Residential and Farmland.
 - b. A minimum rate of \$470 for each parcel of land as prescribed under *section 548 of the Local Government Act 1993* shall apply to this rate.

Next steps

This report recommends that the preferred rate structure, **Option 8**, be endorsed and that the project move to the next phase of implementation. The Community Engagement Plan (attached) details the next steps towards implementation which is community information and engagement from now to mid-March 2021.

Community information will be made available via the Council Website, Newsletter, and Media Releases focused on the following:

- Council is required to create one general rate structure – harmonising former Deniliquin and Conargo Shire Councils’ rate structures.
- Any increase in Council’s total rate revenue resulting from the harmonisation will be limited to the Rate Pegging amount set by IPART (2.00% for 2021-2022 Rating Year)
- Council is focused on creating the most equitable rate structure provided by the legislation for the whole Edward River region.
- Rate harmonisation is focused only on general land rates and does not include annual water, sewer and other charges.

STRATEGIC IMPLICATIONS

The rates harmonisation project has provided an opportunity for Council to consider its general fund long-term revenue needs for financial sustainability.

COMMUNITY STRATEGIC PLAN

5 A community working together to achieve its potential

5.3 Our local government is efficient, innovate and financially sustainable

5.3.1 Deliver sustainable financial management

5.3.1.4 Review land categories for rating purposes and implement changes required under the Local Government Act and in accordance with the new harmonised rating structure

FINANCIAL IMPLICATIONS

Council’s rating structure is considered as part the Statement of Revenue Policy and informs the annual budget and long-term financial sustainability plan. An outcome of the Rates Harmonisation Project is a revised Statement of Revenue Policy for commencement at 1 July 2021.

LEGISLATIVE IMPLICATIONS

Local Government Act 1993

Chapter 15 – How are councils financed?

- Part 1 - An Overview of Rates and Charges
 - Part 2 - Limit of Annual Income from Rates and Charges
 - Part 3 - Ordinary Rates
 - Part 3a – Charges
 - Part 4 - Making of Rates and Charges
 - Part 5 - Levying of Rates and Charges
 - Part 6 - What Land Is Rateable?
 - Part 7 - Payment of Rates and Charges
 - Part 8 – Concessions
 - Part 9 - Miscellaneous Matters Concerning Rates and Charges
 - Part 10 – Fees
- 5.

ATTACHMENTS

1. **ERC -Proposed Harmonised Rate Structure (Option 8)**
2. **ERC -Proposed Harmonised Rate Structure (Option 8) - Ranges**
3. **Edward River Community Engagement Plan (Revised)**

ERC -Proposed Harmonised Rate Structure (Option 8)

Seek	Charge Description	Count	Land Valuation 2019	RID	Charge	Total	Charge Category
Template: 01. Business Total \$ 1,046,414.00							
Group: Primary Charge Total \$ 1,013,975.16							
Checked	NEW Business Other	62	2,105,550	0.0023570		\$4,962.74	1 General Rates Business
Checked	NEW Business Town	465	42,809,572	0.0235698		\$1,009,012.42	1 General Rates Business
		527	44,915,122			\$1,013,975.16	
Group: Charge Variation Total \$ 32,438.84							
Checked	NEW Business Other Min	60	1,748		470	\$26,452.18	1 General Rates Business
Checked	NEW Business Town Min	34	12,373		540	\$5,986.66	1 General Rates Business
		94	14,121			\$32,438.84	
		621	44,929,243			\$1,046,414.00	
Template: 01. Farmland Total \$ 2,752,670.00							
Group: Primary Charge Total \$ 2,284,520.00							
Checked	NEW Farmland Dry	75	50,447,200	0.0027145		\$136,938.01	1 General Rates Farm
Checked	NEW Farmland Irrigible	783	593,367,930	0.0036193		\$2,147,581.99	1 General Rates Farm
		858	643,815,130			\$2,284,520.00	
Group: Secondary Charge Total \$ 468,150.00							
Checked	NEW Farmland Dry Base	75	75		500	\$37,500.00	1 General Rates Farm
Checked	NEW Farmland Irrigible Base	783	783		550	\$430,650.00	1 General Rates Farm
		858	858			\$468,150.00	
		1,716	643,815,988			\$2,752,670.00	
Template: 01. Residential Total \$ 3,630,578.23							
Group: Primary Charge Total \$ 2,036,698.23							
Checked	NEW Residential Other	440	44,928,310	0.0057440		\$258,069.73	1 General Rates Residential
Checked	NEW Residential Town	3,106	197,950,358	0.0088370		\$1,749,282.40	1 General Rates Residential
Checked	NEW Residential Village	92	3,906,860	0.0075114		\$29,346.10	1 General Rates Residential
		3,638	246,785,528			\$2,036,698.23	
Group: Secondary Charge Total \$ 1,593,880.00							
Checked	NEW Residential Other Base	440	440		380	\$167,200.00	1 General Rates Residential
Checked	NEW Residential Town Base	3,106	3,106		450	\$1,397,700.00	1 General Rates Residential
Checked	NEW Residential Village Base	92	92		315	\$28,980.00	1 General Rates Residential
		3,638	3,638			\$1,593,880.00	
		7,276	246,789,166			\$3,630,578.23	
				Model Total:		\$7,429,662.24	
[Seek] = 'Checked'							

ERC -Proposed Harmonised Rate Structure (Option 8)

Export EasyRev		Range: Total Rates and Charges % Variances														
Ranges: Model Analysis: Rateable Assessments: Variation by Total \$\$\$ and Count																
		A. <-50%			B. -50% to <-10%			C. -10% to <-2.7%			D. -2.7% to <0%			E. 0% to <0%		
Model	Rate - Primary	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)
Option 8 - Final Total		\$14,403.20	5	-\$16,412.82	\$1,327,851.07	722	-\$299,264.74	\$1,212,898.64	715	-\$61,252.94	\$2,825,654.22	2433	-\$53,811.48	\$42,724.46	86	\$0.05
	NEW Business Other	\$787.23	1	-\$1,910.62	\$1,880.00	4	-\$523.63	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$25,850.00	55	\$0.00
	NEW Business Town	\$0.00	0	\$0.00	\$5,116.51	5	-\$951.23	\$0.00	0	\$0.00	\$981,155.23	425	-\$22,061.45	\$16,200.00	30	\$0.00
	NEW Farmland Dry	\$3,865.96	1	-\$4,206.44	\$21,558.84	16	-\$11,433.08	\$2,710.66	3	-\$192.80	\$0.00	0	\$0.00	\$0.00	0	\$0.00
	NEW Farmland Irrigible	\$9,750.01	3	-\$10,295.75	\$998,529.58	374	-\$233,447.42	\$311,855.38	125	-\$24,110.23	\$79,309.09	33	-\$1,026.09	\$0.00	0	\$0.00
	NEW Residential Other	\$0.00	0	\$0.00	\$283,496.03	280	-\$48,347.18	\$22,028.50	20	-\$1,585.91	\$462.71	1	-\$7.29	\$0.00	0	\$0.00
	NEW Residential Town	\$0.00	0	\$0.00	\$2,462.05	3	-\$570.26	\$874,098.90	562	-\$35,219.21	\$1,764,257.46	1973	-\$30,716.39	\$674.46	1	\$0.05
	NEW Residential Village	\$0.00	0	\$0.00	\$14,808.06	40	-\$3,991.94	\$2,205.21	5	-\$144.79	\$469.74	1	-\$0.26	\$0.00	0	\$0.00

Ranges: Model Analysis: Rateable Assessments: Variation by Total \$\$\$ and Count																
		F. 0% to <2.7%			G. 2.7% to <5%			H. 5% to <10%			I. 10% to <15%			J. 15% to <20%		
Model	Rate - Primary	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)
Option 8 - Final Total		\$299,105.44	423	\$3,070.83	\$40,977.92	24	\$1,432.81	\$122,906.54	61	\$8,222.62	\$42,357.71	33	\$4,589.78	\$107,785.02	98	\$16,541.67
	NEW Business Other	\$0.00	0	\$0.00	\$470.00	1	\$14.38	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00
	NEW Business Town	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00
	NEW Farmland Dry	\$844.74	1	\$17.97	\$0.00	0	\$0.00	\$507.55	1	\$37.55	\$1,046.20	2	\$106.20	\$774.16	1	\$116.65
	NEW Farmland Irrigible	\$61,553.97	24	\$763.26	\$31,779.40	13	\$1,068.53	\$112,811.01	48	\$7,592.22	\$31,749.90	17	\$3,418.16	\$19,213.48	16	\$2,849.10
	NEW Residential Other	\$2,947.14	5	\$46.04	\$6,300.50	5	\$268.40	\$8,033.61	9	\$499.09	\$5,511.08	8	\$606.60	\$6,012.86	9	\$833.68
	NEW Residential Town	\$233,759.59	393	\$2,243.56	\$963.98	2	\$27.45	\$1,059.86	2	\$69.25	\$2,993.88	4	\$342.17	\$80,681.30	70	\$12,579.02
	NEW Residential Village	\$0.00	0	\$0.00	\$1,464.04	3	\$54.04	\$494.52	1	\$24.52	\$1,056.65	2	\$116.65	\$1,103.22	2	\$163.22

Ranges: Model Analysis: Rateable Assessments: Variation by Total \$\$\$ and Count																			
		K. 20% to <30%			L. 30% to <40%			M. 40% to <50%			N. 50% to <100%			O. >100%			Grand Total		
Model	Rate - Primary	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)	Tot Charge	Count	Tot Charge (Var)
Option 8 - Final Total		\$511,392.27	150	\$105,246.26	\$362,469.86	55	\$90,581.96	\$143,248.24	31	\$45,468.66	\$286,074.12	105	\$106,851.12	\$89,813.53	82	\$48,736.22	\$7,429,662.24	5023	-\$0.00
	NEW Business Other	\$2,427.69	1	\$406.83	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$31,414.92	62	-\$2,013.05
	NEW Business Town	\$1,006.43	1	\$168.27	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$3,040.50	1	\$1,385.52	\$8,480.41	3	\$4,739.68	\$1,014,999.08	465	-\$16,719.20
	NEW Farmland Dry	\$70,434.76	10	\$14,146.43	\$20,551.30	5	\$5,129.95	\$11,880.43	6	\$3,654.59	\$32,044.31	20	\$12,292.11	\$8,219.11	9	\$4,510.70	\$174,438.01	75	\$24,179.83
	NEW Farmland Irrigible	\$237,337.82	25	\$52,772.92	\$330,677.35	33	\$82,516.35	\$123,927.83	15	\$39,520.57	\$213,576.28	42	\$77,044.72	\$16,160.90	15	\$9,261.90	\$2,578,231.99	783	\$7,928.24
	NEW Residential Other	\$14,744.94	18	\$2,985.54	\$9,366.67	14	\$2,436.41	\$5,366.01	7	\$1,629.53	\$34,901.14	39	\$15,026.89	\$26,098.53	25	\$13,808.62	\$425,269.73	440	-\$11,799.58
	NEW Residential Town	\$185,440.64	95	\$34,766.27	\$590.30	1	\$155.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$3,146,982.40	3106	-\$16,323.09
	NEW Residential Village	\$0.00	0	\$0.00	\$1,284.25	2	\$344.25	\$2,073.97	3	\$663.97	\$2,511.88	3	\$1,101.88	\$30,854.57	30	\$16,415.32	\$58,326.10	92	\$14,746.85



Edward River Council
Community Engagement Plan

September 2019

**Document status**

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7404 Draft	S Bunting	November 2019
7404 Updated Draft	S Bunting	18 December 2019
7404 1 st Final	S Bunting	23 December 2019
7404 Revised Draft	S Bunting	17 August 2020
7404 2 nd Final	S Bunting	21 September 2020

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Introduction

All merged councils are required to establish a new, equitable rating structure, and transition to it on 1 July 2021.

Edward River Council must harmonise the two rating structures that are currently in place (Conargo and Deniliquin), and in doing so must undertake a robust community engagement process to explain the impact on ratepayers, the reason for change, and to seek community feedback on the preferred option. This Community Engagement Plan outlines the process Council proposes to use to consult with ratepayers and seek this feedback.

About Edward River

Edward River Council was proclaimed on 12 May 2016, following the amalgamation of the former Conargo Shire Council and Deniliquin Council into one strong, cohesive and dynamic organisation.

Edward River Council provides services and support to a community of approximately 9,000 permanent residents across a region covering 8,881 square kilometres, including the town of Deniliquin and the six rural villages of Blighty, Boooroban, Conargo, Mayrung, Pretty Pine and Wanganella.

The Conargo area is known for their broad range of agriculture including wheat, rice, canola, and cereals, while Deniliquin, locally referred to as 'Deni', is known for its health services and the retail sector that services the surrounding area. The town is regarded as an outstanding service town, but it is also well known as a great holiday destination on the Edward River.

The Deniliquin township was established first as a crossing point for cattle and sheep which then grew to the town we know today. The area is surrounded by beautiful landscapes including lagoons located through the town. For most people they have a story or two about the local event that is hosted in their town each year - The Deni Ute Muster.

Background

Council's review rates, fees and charges on an annual basis. The harmonisation process is set amongst these activities and therefore should have regard to any impacts as part of developing the harmonised model. It is also important to note that 2020 is the year in which land revaluations occur and, while that process is outside of Council's control it, will have an additional impact on the rates levied on individual properties.



3 rd Quarter 2019	4 th Quarter 2019 3 rd Quarter 2020	3 rd and 4 th Quarter 2020	1 st Quarter 2021
<ul style="list-style-type: none"> Data gathering and analysis User charges harmonisation Rates modelling Issues and options determined Long-term revenue requirements identified 	<ul style="list-style-type: none"> Information reviewed by Council Preferred option(s) identified Community Engagement Plan prepared Community informed 	<ul style="list-style-type: none"> Community Engagement Ratepayer notification of category change 	<ul style="list-style-type: none"> Council determines harmonised rates model Revenue Policy endorsed for exhibition and approval Council completes engagement

Council has commissioned a number of documents and reports.

Briefing Paper

This background briefing paper was provided as a Council discussion tool about the fundamental, strategic issues that need to be considered up front to inform of the policy decisions about the major revenue and rating principles. These decisions became the basis for developing revenue and rating strategy, including rates structure options.

The briefing paper provides information about the rates modelling process and to identify the key decision points that will require more detailed discussion once modelling analysis has been undertaken. This process ultimately provided a preferred rating structure for consideration by Council and the community.

Rates Benefit and Service Pricing Report

The purpose of this report was to holistically consider the development of Council’s Revenue Policy incorporating direct Service Pricing and Rates as this impacts the new rates structure. This report is set within the context that rates are not intended to be a fair or equitable representation of benefit or use, rather they are a taxation based on land value as a proxy for wealth and intended to subsidise some part of the community to ensure a community has access to assets and services otherwise unaffordable through user fees but that are essential to make it liveable, sustainable and economically viable.

In reviewing the current rating structures, Council considered the key taxation principles of equity, simplicity and efficiency. The Rates Benefit and Service Pricing Report focused on the Benefit or User Pays Principle and provides information to support a decision to more closely align revenue and rates with the consumption of Council services by different user groups.

Rates benefit modelling is a high-level exercise used to support Council’s decision-making process. It considers the cost of services that rates fund, identifies the relevant categories of ratepayers, and produces simple, high level analysis of the service benefit to compare the relationship between the service benefit and the share of rates paid. The outcome of this modelling and analysis provides high level guidance for Council and options for the potential to realign rates and service benefits, noting that this is only one consideration amongst many.

For the purpose of developing this model and analysis, a simplified rating and subcategory structure, based on the existing two rating structures.



With additional detailed costing information that accurately ties the cost of services provided to specific areas and localities, Council considered the more detailed relationships between groups of ratepayers and the cost of service provision.

This report also considered Council’s approach to service pricing in terms of the level of direct cost recovery through user charges for the mixture of public and private goods and services that Council provides. Service price modelling is designed to provide full transparency over Council’s decision to distribute the cost of service provision to ratepayers. Private services that benefit specific users are often better funded by user fees and charges and run as a commercial operation, however most Council services have a mix of public and private characteristics.

The revenue and rating policy chosen by Council takes into account a number of factors, including the Rates Benefit and Service Pricing modelling detailed in this report, that has informed the development of rate structure options. Council will review and set the Revenue Policy on an annual basis, including the review of its Service Pricing and cost recovery targets. Increased revenue from fees and charges offsets the budgetary requirement for additional general rates income, funding community services and infrastructure.

Capacity to Pay Report

This report provides an analysis and evaluation of relative wealth and financial capacity; it looks at the financial vulnerability and exposure of different community groups within the Local Government Area (LGA). The key findings are summarised in the table below.

Table - Regional Summary

Areas of Advantage	
Rural Area	<ul style="list-style-type: none"> • Largest proportion of households in the highest equivalised household income quartile • Lowest proportion of pensioners amongst all areas • Very low levels of unemployment and housing stress
Areas of Disadvantage	
Deniliquin North	<ul style="list-style-type: none"> • Equivalised income profile similar to that of Rural Area • Has the highest level of unemployment in the LGA • High proportion of pensioner households
Deniliquin East	<ul style="list-style-type: none"> • Has the largest proportion of residents over the age of 60 in the LGA • High proportion of lone individual and one parent households • Significant proportion of households in the bottom 2 income quartiles
Deniliquin West	<ul style="list-style-type: none"> • Largest proportion of households in the lowest equivalised household income quartile • High proportion of pensioner households • Highest levels of social housing with the LGA

It was observed that there was a close relationship between the proportion of pensioner assessments in an area and the overall level of disadvantage of the area. The three areas within the Deniliquin Township all had pensioner levels greater than 20% of the local population compared to only 8% in the Rural Area and respectively had significantly lower SEIFA Disadvantage scores.



Eight options were modelled as part of the ratepayer impact analysis. It is important that through the consolidation process, Council ensures that it does not significantly marginalise particularly vulnerable individuals and households and considers the impacts across the rating structure spectrum through the ratepayer impact analysis provided under separate cover.

Structure Options Report

Council established a working group and carried out a series of briefings and information sessions, and facilitated councillor workshops to receive feedback and consider the:

- Rates Harmonisation – legislative information
- Rates Harmonisation Action Plan
- Land Tax Principles – Fairness and Efficiency
- Service Pricing and Rates Benefits
- Capacity to Pay
- Rating Structure Options

Council also considered a final Rates Harmonisation and Revenue Strategy Report (a full copy of which is on Councils Website). The report analysed six options to harmonise rates.

The preferred option is Option 8 and is set out in table below.

Table - Preferred Rate Structure – Option 8

Category an Sub Category	# of Assessments	Land value 2019 (1000s)	Ad Valorem	Min Rate	Base Rate
Farmland					
- Dry	75	\$50,447	0.0027144		\$500
- Irrigable	783	\$593,368	0.0036193		\$550
Residential					
- Other	440	\$44,928	0.0057440		\$380
- Village	92	\$3,907	0.0075144		\$315
- Town	3,106	\$197,950	0.0088370		\$450
Business					
- Other	62	\$2,106	0.0023570	\$470	
- Town	465	\$42,810	0.0235698	\$540	

Option 8 combines the best attributes of the other Options assessed by adopting

- Residential Category
 - Town, Village & Other Subcategories
 - Ad valorem and base structure, with base amounts of:
 - Town \$450; Village \$315; Other \$380
- Business Category
 - Town and Other Subcategories
 - Ad valorem and minimums of Town - \$540; Other - \$470



- Same % yield by category and subcategory
- Farmland
 - Dryland and Irrigable Properties Subcategories
 - Ad valorem and base structure of
 - Dryland \$500 and Irrigable \$550

Option 8 is considered the preferred option as it provides:

- the appropriate balance of the rating principles – capacity to pay, benefit, and efficiency of administration.
- optimum flattening of the magnitude of impacts within the rate categories.

In addition the lifting of the rate freeze provides an opportunity to complete a review of land categories and sub-categories for rateable properties. The review is based on an assessment against the legislative criteria for each land category and sub-category. This review sees a number of assessments in each land category or sub-category change as rateable property's move from one category or sub-category to another based on the outcomes of the assessments.

With the implementation of the preferred Option 8, it is proposed that land category reviews would occur in the following priority order:

- Farmland - to identify those rateable properties that meet the land category criteria for Residential Rural (programmed for completion by 1 July 2020)
- Farmland - to identify those other rateable properties that do not meet the criteria of the Farmland land category (programmed for completion by July 2020)
- Residential Rural – to identify those rateable properties that do not meet the land subcategory criteria for Residential Rural (programmed for completion by 1 July 2021)
- Residential Town and Ordinary – to identify those rateable properties that do not meet the criteria of the Residential land category or sub-category (programmed for completion by July 2021)
- Business - to identify those rateable properties that do not meet the criteria of the Business land category or sub-category (programmed for completion by July 2021)

Engagement framework, principles and objectives

The Council adopted a Community Engagement Policy on the 19th of April 2018. This policy recognises that community engagement and participation processes are a vital part of local democracy. It aims to strengthen the trust between Council and the community and build confidence in Council's ability to plan and make decisions that will respond to the present and future needs of the community.

Community engagement is about involving the community in decisions which affect them. It is critical in the successful development and implementation of acceptable policies and decisions and for improving services by being responsive to the needs of the community. It involves seeking broad informed agreement and the best possible solution for Council and the community, however it does not necessarily mean achieving consensus.

This policy emphasises that the community should be kept informed throughout the consultation process and receive feedback that demonstrates how their input has influenced the decision.



Framework

Council framework is based on the International Association of Public Participation (IAP2) public participation spectrum that provides an internationally recognised framework for community engagement. The spectrum is outlined in the table below.

Increasing Level of Public Impact					
	Inform	Consult	Involve	Collaborate	Empower
Public participation goal	To provide the public with balanced and objective information to assist them understanding the problem, alternatives, opportunities and/or solutions	To obtain feedback on analysis alternatives and or decisions	To work directly with the public throughout the process to ensure that the public concerns and aspirations are consistently understood and considered	To partner with the public in each aspect of the decision including the development of alternatives and identification of the preferred solution	To place final decision-making in the hands of the public
Promise to the public	We will keep you informed	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how the public input influenced the decision	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how the public input influenced the decision	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum possible extent	We will implement what you decide

Council will use this spectrum to guide its engagement approach within the resources available.

Engagement Principles

In order to meet this commitment, it has adopted the following guiding principles;

- Social Justice – All parts of the community should have an equal opportunity for input
- Creating the right debate – Residents will be informed. We will inform and educate the community on the key issues, options and choices facing the Region
- Community input is valued – Council is open to all ideas and values all contributions. All input will be considered and acknowledged
- Engage Appropriately – Council will engage the community to maximise the value and range of community feedback

The combination of the application of the IAP2 public participation framework and engagement principles will



ensure the engagement process delivers the expected outcomes and delivers an enhanced result.

Objectives

Through the application of the IAP2 Framework, the engagement principles above and the application of selected engagement tools, the community engagement process will

- inform the community of the issues when harmonising rates
- gauge the level of support for the preferred harmonised rating model(s)
- enable the Council to make an informed decision on the best harmonised rating structure for Edward River Council.

A successful community engagement process will deliver on the majority of these objectives. Council will measure the success of the process by

- the level of community involvement in the engagement process
- the representative nature of those individuals or groups who are engaged
- the level of feedback on the preferred rating model(s).

Key messages

The following key messages will be reinforced through Council's engagement process:

- Council is required to create one general rate structure. It has no choice it must harmonise the former Deniliquin and Conargo Shire Councils' rate structures. This must occur as;
 - Due to merger it's a requirement under the LG Act
 - The merger transition arrangements are expiring
 - Both Deniliquin and Conargo Shire Councils rating structures allocated rates differently between rating structures
- There will be no increase in Council's total rate revenue resulting from the harmonisation;
 - Council cannot and will not increase total rates income but
 - The new harmonised rate structure will see change in individual general rate amounts, both up and down, because of the current structural differences between the two rates models
- Council is focused on creating the most equitable rate structure provided by the legislation for the whole Edward River region by;
 - Developing the best and fairest option within legal constraints
 - This is a complex challenge where there is no perfect solution
 - The process is guided by specified rating principles
 - Council is trying to make the structure fairer based on benefits for each rating category, using equity to balance between benefit and capacity to pay principles
 - Council aims to make the rating structure easier to understand following simplicity and efficiency principles
 - Pensioner rebates and the Debt Recovery Policy will still apply



- Rate harmonisation is focused **only on general land rates** and does not include annual water, sewer and other charges.
- Council will be engaging with the community in the 3rd and 4th quarter of 2020 about the preferred rate structure option
- The Proposed implementation date is 1 July 2021
- Further information is available at our website: <http://www.edwardriver.nsw.gov.au> over the coming weeks, including;
 - Background information
 - The LG Act provisions
 - Details of how Council will be determining the best option
 - High level timetable of rate harmonisation activities in its Community Engagement Plan
 - An overview of the preferred option
 - FAQ's
- Council welcomes and values feedback on the proposed new rating structure. Ultimately it must make a decision that will affect some ratepayers positively and others negatively. Council is mindful of this and will endeavour to adopt the fairest rates model.

Resourcing requirements

Budget

The Council has allocated a budget for support services to facilitate this engagement process. Other costs and internal staff resources will be funded from existing budgets.

The budget has influenced the extent of community engagement that can be undertaken and as such a range of focused engagement initiatives are planned.

Resources

This Council's community engagement process will be undertaken by a team comprising:

- General Manager
- Director of Corporate Services
- Communications Advisor
- Governance and Corporate Support Officer
- Manager Finance
- Manager People and Culture (Customer Services)
- Executive Assistant to the General Manager
- Morrison Low Consultants



Engagement program

Council has identified a range of key stakeholder's groups. Council will endeavour to ensure that each group is engaged in and able to participate in the initiatives below.

The following table outlines the community engagement actions and initiatives that will be undertaken to develop and finalise the rates harmonisation model.



Initiative	Activity	Engagement Type	Target Group	Due Date	Status	Responsibility
<i>Prepare</i>						
Develop Community Engagement Strategy	Draft strategy	Inform / consult / involve / collaborate	Council elected members and management	18 August 2020	Complete	Morrison Low
Develop Rating Harmonisation documents	Develop discussion documents to identify key issues facing the Region	Inform	All residents	By 5 December 2019	Complete	Council staff / Morrison Low
	Council determines preferred option (s)	Inform	All residents	17 September 2020		Council
Develop engagement material	<ul style="list-style-type: none"> Rate Harmonisation narrative Submission forms Web Survey forms Design telephone survey 	Inform / consult	All residents	12 October 2020		Morrison Low Morrison Low Morrison Low Iris
Update Facebook and website for engagement	Design Facebook webpage and web-based engagement tools <ul style="list-style-type: none"> Preliminary messaging (process and timeframe) and upload. Abbreviated rate harmonisation narrative Uploadable documents Web feedback forms Web survey Council sign off on facebook and web tools and upload 	Inform	All residents	12 October 2020	Complete	Council Morrison Low Council Morrison Low Morrison Low Director of Corporate Services
<i>Awareness</i>						
Create awareness of issues, options, decision making and engagement process	Create awareness of engagement process amongst elected members and staff	Inform	Elected Members and Staff	19 October 2020		General Manager and Morrison Low



Initiative	Activity	Engagement Type	Target Group	Due Date	Status	Responsibility
	Create awareness of process amongst Shire residents <ul style="list-style-type: none"> • Council newsletters / rates insert • School newsletters • General media • Speaking engagements 	Inform	All residents	26 October – 9 November 2020		Director of Corporate Services Communications Advisor Governance and Corporate Support Officer Mayor Manager People and Customer Services
	Establish Project Reference Group of Community Members to get some community buy-in and local identities as champions for the engagement process	Inform	All residents	26 October 2020		Manager Community and Economic Development Council General Manager
Engage						
General Engagement						
Website	Launch website engagement	Inform / consult / involve	All residents	26 October 2020		Communications Advisor
Facebook	Launch Facebook engagement <ul style="list-style-type: none"> • Preliminary information • Full information 	Inform / consult / involve	All residents	26 October 2020		Communications Advisor
Print media	2 page colour information publication	Inform / consult / involve	All residents	9 November 2020		Communications Advisor



Initiative	Activity	Engagement Type	Target Group	Due Date	Status	Responsibility
Community surveys	<ul style="list-style-type: none"> Create feedback survey via Survey Monkey 	Inform / consult	All residents	26 October 2020		Morrison Low
	<ul style="list-style-type: none"> Launch Survey 			9 November 2020		Morrison Low
	<ul style="list-style-type: none"> Conduct Telephone survey of 400 ratepayers 			16 November 2020		IRIS
Targeted Engagement						
Focus groups	Engage with targeted groups <ul style="list-style-type: none"> Public notice or targeted invitation Organise meetings and venues Business community Farming community (wet and dry) Residential 	Inform / consult / involve / collaborate	Special interest groups	26 October 2020 2 November 2020 23-27 November 2020		Communications Advisor Governance and Corporate Support Officer Executive Assistant to the GM
Respond						
Summarise engagement	Analyse and summarise key issues from engagement process	N/A	N/A	10 December 2020		Morrison Low
Publish engagement summary	Publish summary	Inform	All residents and engagement participants	18 January		General Manager Director of Corporate Services
Confirm Rating Structure	Resolve to adopt preferred rating structure	N/A	N/A	26 March		Council Manager Finance
Validate						
Revenue Policy	Adopted Revenue Policy, including preferred rating structure, for public Exhibition	Inform/Consult	All residents	March - May		Manager Finance
2021/22 budget process	Public exhibition and submissions on Draft Operational Plan	Inform / Consult	All residents	May		Director Corporate Services



Initiative	Activity	Engagement Type	Target Group	Due Date	Status	Responsibility
Approve Revenue Policy and Operation Plan	Council to adopt the Revenue Policy and Operational Plan following public exhibition	N/A	N/A	June		Council