



Edward
River
COUNCIL



Rates Harmonisation Community Meetings

November 2020

Agenda

- Introduction
- Why are we here?
- Options available to Council
- The journey up until now to reach this point
 - Issues and options considered
 - Processes undertaken and constraints
 - Preferred option and impacts
- Next steps

Harmonisation background

- The Local Government Act requires that one rates structure is implemented on 1 July 2021.
- There is no change in total income as a result of the Rates Harmonisation
- The rating structures of the previous Councils (Conargo and Deniliquin) were different and apportioned total rates differently between rates categories.
- 18 other merged councils have also been required to harmonise rates
- There is no change in assessment categories or change in total rating income within categories but there will be some changes to subcategories
- The categories Councils can use are prescribed in the Local Government Act. The Act does not allow for a phase-in or transition period

Harmonisation background

- Compliance with current legislation
- Develop an equitable rating structure that distributes the rates burden fairly across the new LGA
- The new structure consolidates and simplifies the sub categories used in the former Conargo Shire and Deniliquin Councils to a simple but effective rate structure in the new Edward River Council
- The harmonised single structure will have various impacts on individual ratepayers
- A “silver bullet” solution is not possible
- Council has considered many options to find the fairest and most equitable model for all ratepayers

Rates according to the Local Government Act 1993

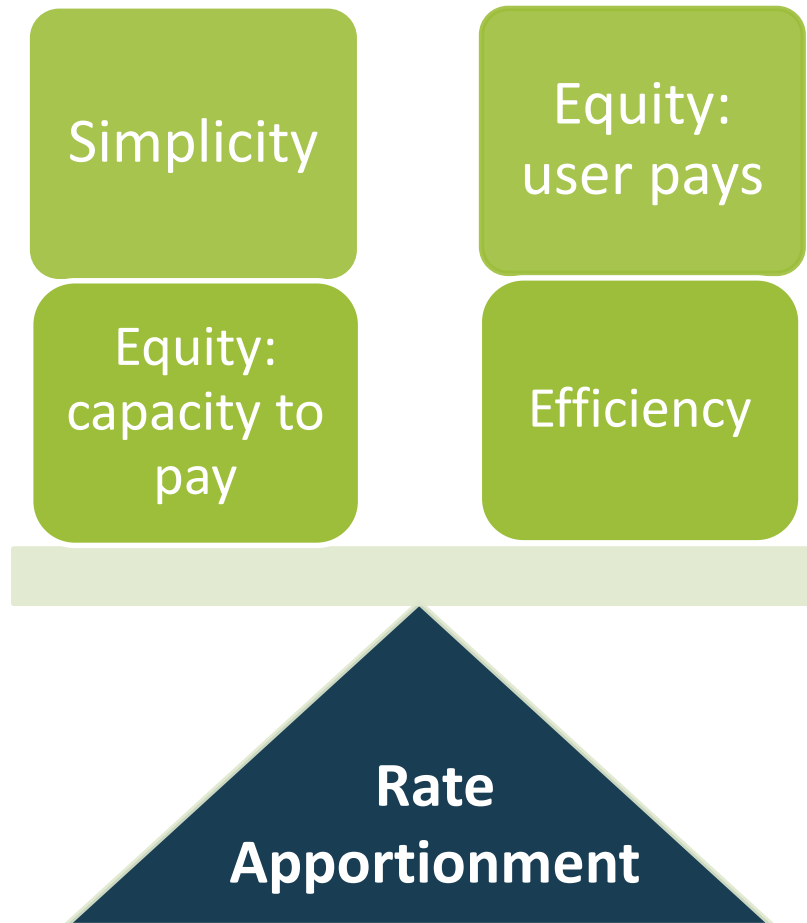
- Rates may consist of:
 - An ad valorem component
 - A minimum amount and an ad valorem component
 - A base amount and an ad valorem component
- The ad valorem (rate in the dollar) is calculated using the *unimproved land value* supplied by the NSW Valuer General
- Minimum and base amounts help to smooth out the rate distribution in a category or sub category

Definitions

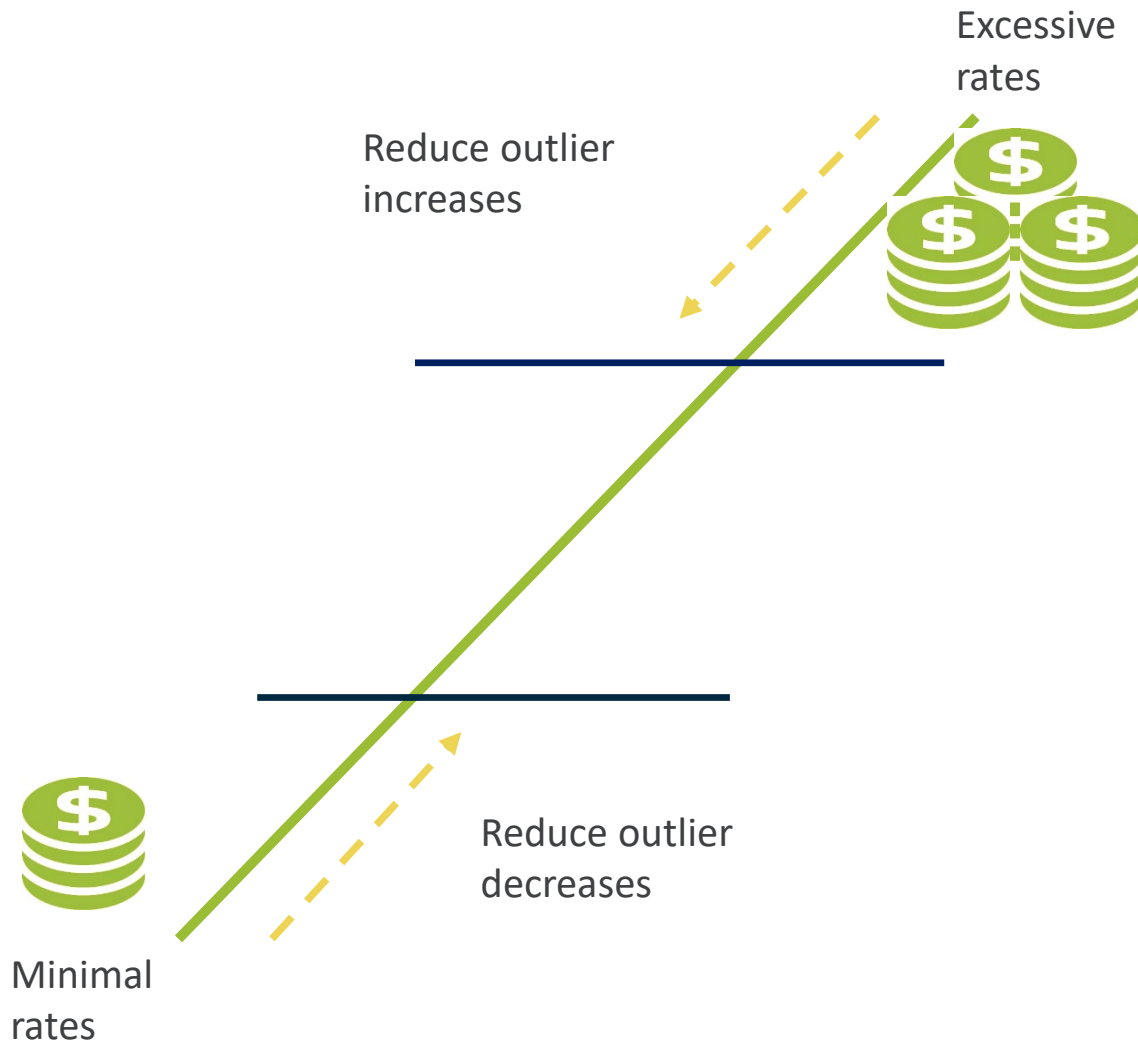
- **Rating Category** – a category of land for purposes of determining rates (levy)
 - 1) Farmland
 - 2) Residential
 - 3) Business
 - 4) Mining
 - *Note: this rating category has no bearing on land use “zoning” but the two can often be confused.*
- **Base Rate** - a council is permitted to apportion up to 50% of the income to be generated from any major rate category, or sub-categories if used. The other 50% is calculated using an Ad valorem amount (rate in the dollar) against the land Valuation as supplied by the NSW Valuer General
- **Minimum rate** - A **minimum amount** is applied , so that those with the lowest values do not end up paying very small amounts compared to others.
- **Ad Valorems** (*Latin, “according to value”*) – a rate in the dollar imposed on a property as a levy according to its value

What must Council consider?

- In considering different options to harmonise rates Council has had to balance a number of principles

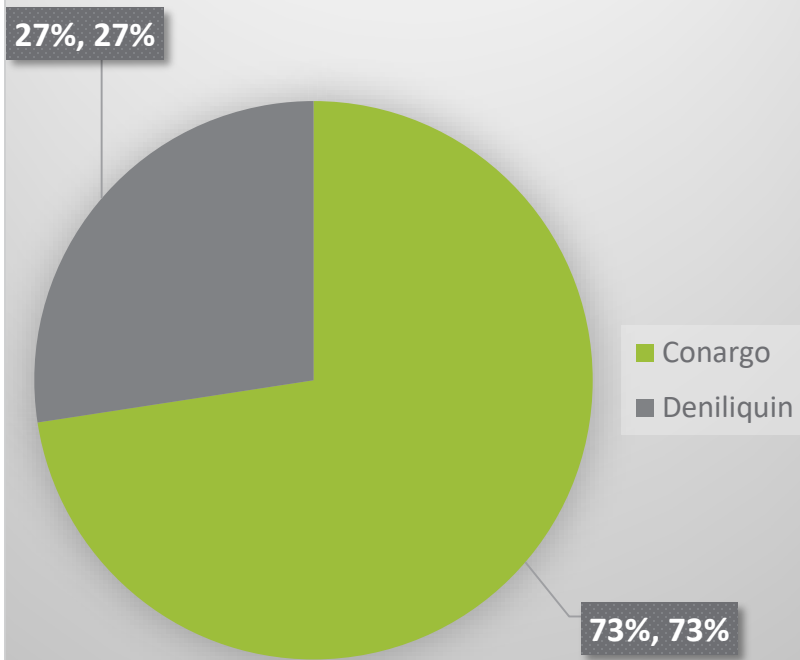


Objective of harmonisation

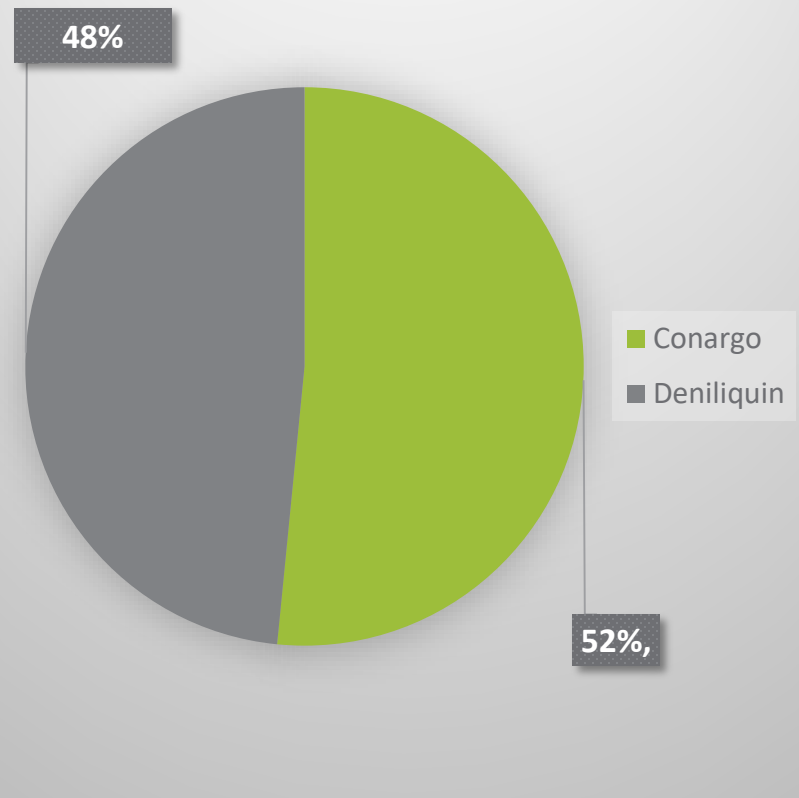


Land values and rate income by former Council

Edward River Council - %
Land Valuations 2021-
2022

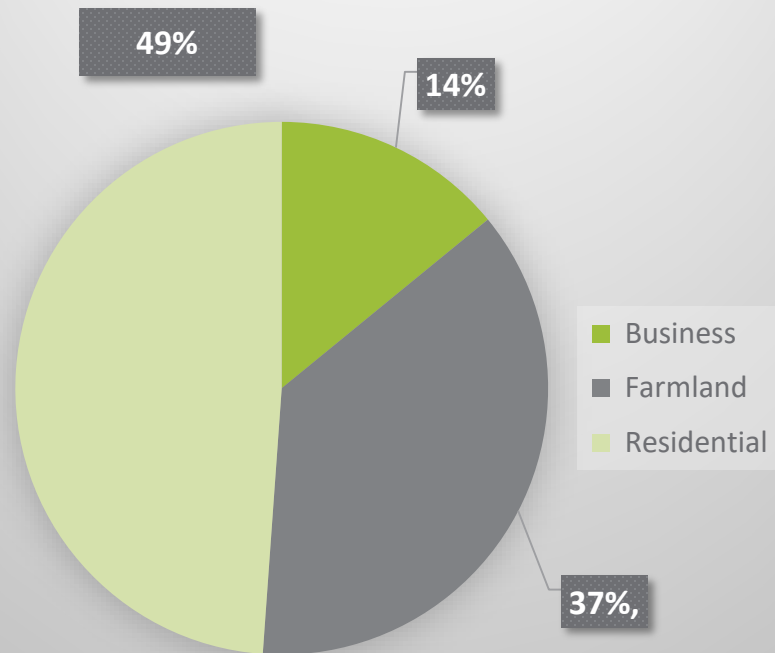


Edward River Council - %
Rate Charges 2021-2022

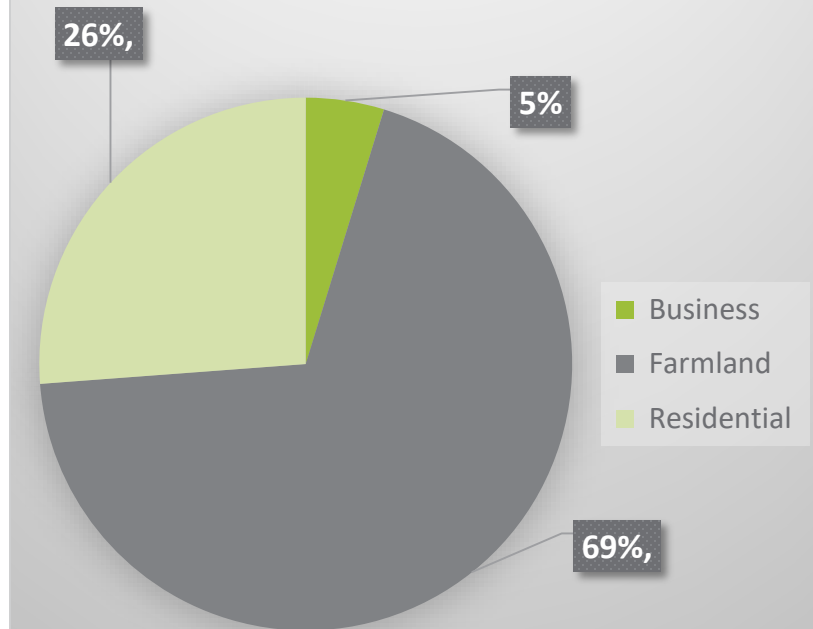


ERC Rate Structure – by Land Value and Rate Income

Edward River Council - Percentage Rates of Total Rates Income



Edward River Council - Percentage Land Valuations of Total Valuations



Rating categories/sub categories



Category	Subcategories may be determined:
Farmland	<ul style="list-style-type: none"> • Dry - dryland • Irrigable - 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
Residential	<ul style="list-style-type: none"> • Residential Town – calculated on the land value in respect of all rateable residential lands situated in the centre of population defined as the town of Deniliquin • Residential Village – calculated on the land value of all rateable residential land situated in the centres of population defined by Council as the villages of Conargo and Wanganella • Residential Other – calculated on the land value in respect of all rateable residential land within the Council’s opinion, is land which: is not less than two (2) hectares and not more than 40 hectares in area and does not fit into the other Residential sub categories of residential town or residential village
Business	<ul style="list-style-type: none"> • Business Town – calculated on the land value of all rateable land, which cannot be classified as residential or farmland land in the centres of population defined as the town of Deniliquin • Business Other – calculated on the land value of all business rateable land which is defined as being outside the town of Deniliquin
Mining	No mines currently in ERC that require rating

So what is the most equitable option?

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	

Note: these figures do not include residential services charge – water and garbage

Example rates calculation

How rates are calculated

General Rates

The calculation used to ascertain the general rates for an individual property is:

$$\text{Land Value} \times \text{Ad Valorem} = \text{General Rate payable}$$

Base Rates

The calculation used to ascertain the base rate for an individual property is:

$$\text{Base Rate} + \text{Land Value} \times \text{Ad Valorem} = \text{General Rate Payable}$$

Minimum Rates

The calculation used to ascertain the minimum rate for an individual property is:

$$\text{Land Value} \times \text{Ad Valorem} = \text{Rate payable if above the minimum rate. If the result is less than the minimum, then the minimum rate is payable.}$$

LV=50k	land valuation	Ad Valorem	Min Rate	Base Rate	Estimated Annual General Rates
Farmland-Dry	\$ 50,000	0.0027144		\$ 500	\$ 635.72
Farmland-Irrigable	\$ 50,000	0.0036193		\$ 550	\$ 730.97
Residential-Town	\$ 50,000	0.008837		\$ 450	\$ 891.85
Residential-Village	\$ 50,000	0.0075144		\$ 315	\$ 690.72
Residential-Other	\$ 50,000	0.005744		\$ 380	\$ 667.20
Business-Town	\$ 50,000	0.0235698	\$ 540		\$ 1,178.49
Business-Other	\$ 50,000	0.002357	\$ 470		\$ 470.00

LV=100k	land valuation	Ad Valorem	Min Rate	Base Rate	Estimated Annual General Rates
Farmland-Dry	\$ 100,000	0.0027144		\$ 500	\$ 771.44
Farmland-Irrigable	\$ 100,000	0.0036193		\$ 550	\$ 911.93
Residential-Town	\$ 100,000	0.008837		\$ 450	\$ 1,333.70
Residential-Village	\$ 100,000	0.0075144		\$ 315	\$ 1,066.44
Residential-Other	\$ 100,000	0.005744		\$ 380	\$ 954.40
Business-Town	\$ 100,000	0.0235698	\$ 540		\$ 2,356.98
Business-Other	\$ 100,000	0.002357	\$ 470		\$ 470.00

LV=250K	land valuation	Ad Valorem	Min Rate	Base Rate	Estimated Annual General Rates
Farmland-Dry	\$ 250,000	0.0027144		\$ 500	\$ 1,178.60
Farmland-Irrigable	\$ 250,000	0.0036193		\$ 550	\$ 1,454.83
Residential-Town	\$ 250,000	0.008837		\$ 450	\$ 2,659.25
Residential-Village	\$ 250,000	0.0075144		\$ 315	\$ 2,193.60
Residential-Other	\$ 250,000	0.005744		\$ 380	\$ 1,816.00
Business-Town	\$ 250,000	0.0235698	\$ 540		\$ 5,892.45
Business-Other	\$ 250,000	0.002357	\$ 470		\$ 589.25

LV=500K	land valuation	Ad Valorem	Min Rate	Base Rate	Estimated Annual General Rates
Farmland-Dry	\$ 500,000	0.0027144		\$ 500	\$ 1,857.20
Farmland-Irrigable	\$ 500,000	0.0036193		\$ 550	\$ 2,359.65
Residential-Town	\$ 500,000	0.008837		\$ 450	\$ 4,868.50
Residential-Village	\$ 500,000	0.0075144		\$ 315	\$ 4,072.20
Residential-Other	\$ 500,000	0.005744		\$ 380	\$ 3,252.00
Business-Town	\$ 500,000	0.0235698	\$ 540		\$ 11,784.90
Business-Other	\$ 500,000	0.002357	\$ 470		\$ 1,178.50

What does this mean for you?

- The majority will see a slight reduction or no movement at all.
- Out of over 5000 properties, less than a quarter will see a rate increase and this is due to necessary adjustments inline with new subcategories
 - 3,875 (77.2%) properties will receive a slight rate reduction or no movement at all
 - 533 properties (10.6%) will have a less than 5% rate increase
 - 342 (6.8%) will increase between 5% and 30%; and
 - 273 properties (5.4 %) will have their rates increased over 30%, due to harmonisation from the previous rate structure and necessary adjustments inline with new subcategories.

Operation Plan highlights

BUDGET AT A GLANCE

\$ Nil Borrowings

\$32.12 Revenue

\$28.45m Expenditure

Rates on hold due to COVID-19

\$18.44m Capital Works

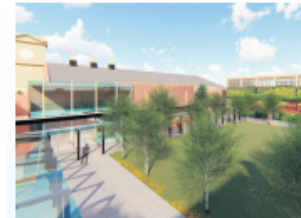
\$11.08m Renewal Works

OPERATIONAL PLAN HIGHLIGHTS

Edward River Council's draft Delivery Program and Operational Plan outlines the projects, programs, events and initiatives Council will deliver over the coming financial year.

Highlights of our draft Delivery Program and Operational Plan include:

- ✓ Delivering those projects funded through the Federal Government's Drought Communities Program and Murray Darling Basin Regional Economic Diversification Program, including completing the Cressy Street Reconstructions and Peppin Heritage Centre Upgrades
- ✓ Completing a series of projects funded through the NSW Government's Stronger Communities Fund and Stronger Country Communities Fund, including the Deniliquin Town Hall Revitalisation Project.
- ✓ Completing North Depot Refurbishment
- ✓ Delivering the Waring Gardens Upgrade works
- ✓ Continuing the Animal De-sexing program and the free microchipping
- ✓ Completing Cemetery maintenance works for Boorooban and Wanganella.
- ✓ Disability Action Plan for public buildings.
- ✓ Christmas Party Event Support for local community
- ✓ Business Development Workshops for local and small business
- ✓ And more!



RENEWAL CAPITAL WORKS

Roads, Footpaths, Bridges

Road Reseals	\$1,793,567
Road Reconstruction	\$775,833
Kerb & Gutter	\$262,400
Road Resheets	\$737,709
Roads to Recovery	\$1,444,585

Water Services

Water Treatment Plant Electrical Review	\$100,000
Water Treatment Plant Clearwater Tank	\$50,000
Water Pump Station Refurbishment	\$180,000
Reservoir Cleaning	\$40,000
Watermain rehabilitation	\$400,000
Wanganella Water Supply Investigation	\$40,000
Wanganella Water Supply Augmentation	\$150,000



RENEWAL CAPITAL WORKS

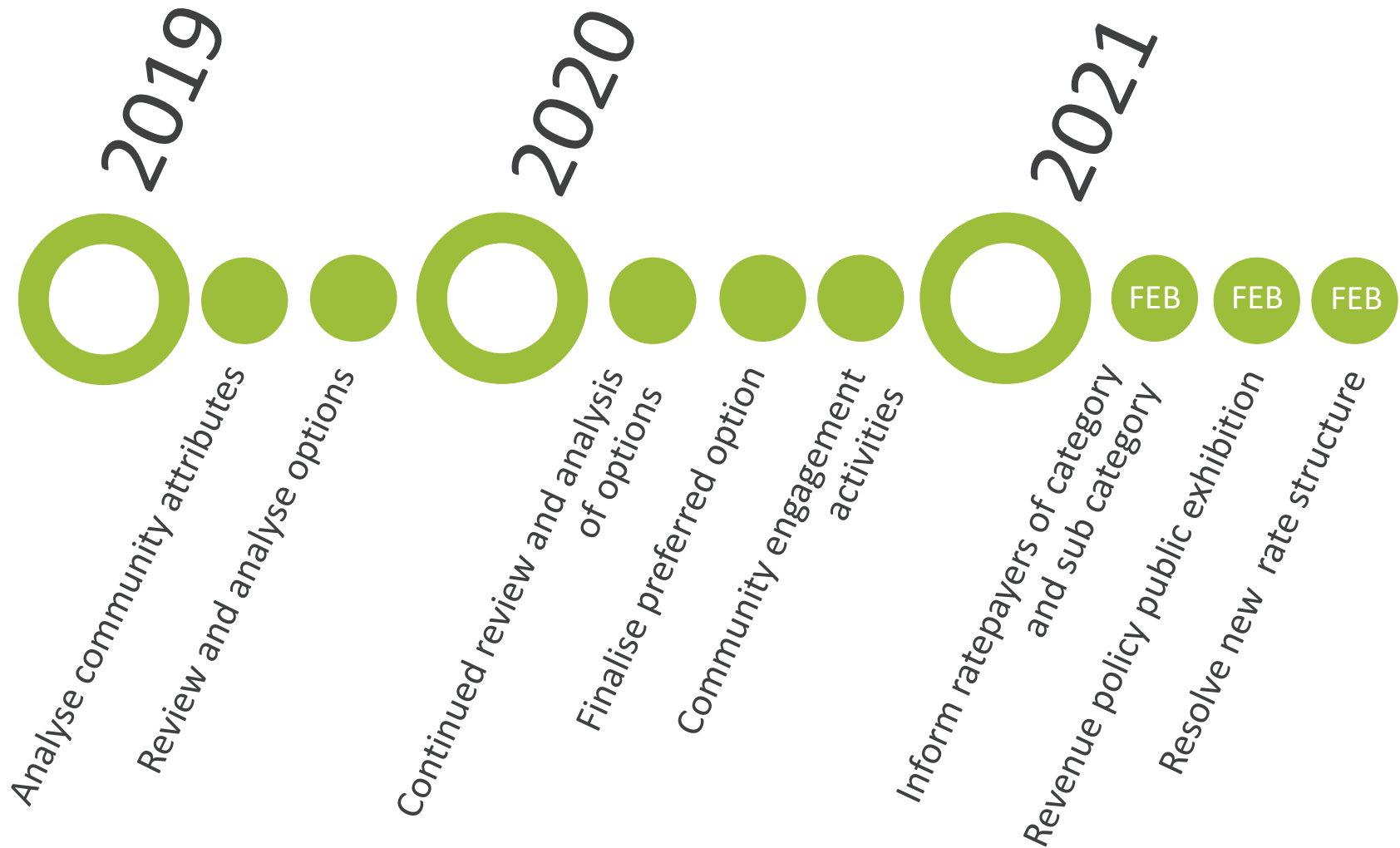
Sewer Services

Sewerage Treatment Plant refurbishments	\$50,000
Sewer relining and Manhole refurbishments	\$350,000
Sewer Pump Station Refurbishments	\$130,000
Sewer Reticulation CCTV Inspections	\$50,000

Other

Rotary Park works	\$150,000
Library Books	\$40,000
LED Street Lighting	\$680,000
Library remedial works	\$50,000
Swimming Pool	\$70,000

The journey so far



Next Steps

- Where can you find more information?

Council's website - <https://www.edwardriver.nsw.gov.au/Council/Rates/Rates-Harmonisation>

Office of Local Government website - <https://www.olg.nsw.gov.au/public/my-home/rates>

- Where can you express your views? Rates Harmonisation feedback can be sent to Council via the following methods: Email/ Online/ Mail/ Phone survey
- Calculator - Council has developed an online rates estimator which is available on our website. All you need is your previous rates notice with your property ID to see your expected rates notice for July 2021.