



COFFS HARBOUR CITY COUNCIL
SPECIAL MEETING
COUNCIL CHAMBERS
COUNCIL ADMINISTRATION BUILDING
COFF AND CASTLE STREETS, COFFS HARBOUR
8 JULY 2004
Commencing at 5.00pm

Contents

ITEM	DESCRIPTION	PAGE
	GENERAL MANAGER'S REPORT	
13	ISSUE OF 2004/2005 RATE NOTICES - SUGGESTED PROCEDURE	1



COFFS HARBOUR CITY COUNCIL

SPECIAL MEETING

8 JULY 2004

Mayor and Councillors

GENERAL MANAGER'S REPORT

13 ISSUE OF 2004/2005 RATE NOTICES - SUGGESTED PROCEDURE

Purpose:

To report to Council on a suggested process to enable the setting of the rates for 2004/2005 and the consequent issue of rate notices.

Description of Item:

The changing of the boundary of Council's area is creating both logistical and legal difficulties for Council in the issue of its 2004/2005 rate notices. These can be summarised as falling into three areas:-

1. Obtaining requisite data from Clarence Valley Council
2. Obtaining valuations from the Valuer General for properties formerly within Pristine Waters Council
3. The need to apply to the Minister for a Special Rate Variation in order to be able to determine the Ordinary rates Council can then set.

The degree of difficulty in all this is obviously heightened by the time constraints, given that the revised boundary was not proclaimed until 24 June 2004 and rate notices have to be posted by 30 July.

Taking the three points above, the situation is as follows.

1. Data Collection

The computer systems used by Pristine Waters Council and Coffs Harbour are not the same and do not allow for easy transportation of the data from one to the other. Nor are the two rating structures the same. Council's IT and Rates Sections have been working on this and it has been arranged for an expert in the software used by Pristine to produce a file of data early next week which will be delivered to us. From it will be created records in Council's Property System to enable the calculation of rates and charges and to include any arrears on the rate notice.

cont'd

13 Issue Of 2004/2005 Rate Notices - Suggested Procedure (cont'd)

2. Valuations

The base date for valuations in the added area is 1 July 2001 whereas Coffs Harbour has a base date of 1 July 2002. A file of valuations containing only properties in the added area is currently being prepared for the Valuer General so that he can provide it to Council. This will contain valuations both at 1 July 2001 and 1 July 2002.

The lateness of the proclamation of the current boundary (24 June) has meant that receipt of these values has been delayed. It is hoped to have the file next week. Work can then take place to marry that information to the properties being created from the data talked of in (1) above.

3. Special Rate Variation

In conversations with staff at the Department of Local Government it has been made clear by them that Council will need to make application to the Minister for a Special Rate Variation because the proclamation does not contain any section detailing how this Council is to calculate its notional rate income for 2004/2005. (The notional rate income is the amount of rates that would be raised if all ratable properties at 30 June were calculated at the rate for that year. It is this amount which is increased by the percentage determined by the Minister, {3.5% for 2004/2005}, to determine the total of Ordinary Rate income for the following year).

In recent conversations with those staff it has also been clearly indicated that the Minister is seeking to ensure ratepayers in areas added to an existing Council are not disadvantaged by an increase in rates beyond the 3.5% he has permitted. To facilitate such, he has apparently been using his discretionary power in Section 545 to permit differential rates outside those prescribed in the Act. He has also been allowing councils to use valuations of a different base date.

To achieve the Minister's wish relative to properties in the former Pristine Waters Council, it would be necessary to use the valuations and rate structure applied to them in 2003/2004. This would mean they would be rated on 1 July 2001 base date valuations and the rest of the City on a base date of 1 July 2002. They would also have different Residential, Farmland and Business rates to the rest of the City. All of this would require the Minister's approval. However, indications are that such an approach is likely to be favourably viewed whereas one that conforms strictly with the Act but increases the rates in the new area may not be.

The former Pristine Waters area does not have the Environmental Levy or similar. However, it is considered appropriate for that area to also contribute funds to the Program as it will have works carried out within it which are funded out of the Program. It is suggested that the 2001 valuation be used for it also, along with the base amount and rate in the \$ used for the Environmental Levy elsewhere. Whilst this may produce a relatively less return than for a comparable property elsewhere, it keeps consistency in valuations used and in rates used. LG Department staff have expressed a little disquiet at the introduction of such a new rate to the area but recognize the validity of keeping it as a Citywide rate.

Attached is a document which was forwarded to the Department of Local Government setting out a process to overcome some of the difficulties surrounding this issue.

cont'd

13 Issue Of 2004/2005 Rate Notices - Suggested Procedure (cont'd)

In essence Council would be asking the Minister to approve a rate structure that:-

- increases the Ordinary rates on each property formerly in Pristine Waters by 3.5%
- applies the Environmental Levy to properties formerly in Pristine Waters
- increases by 3.5% the total of all Ordinary rates and the Environmental Levy on properties which were in the City prior to the amalgamation

All of the foregoing is seen as an interim measure, providing a bridge between the rating structure of 2003/2004 and that which will need to be derived through consultation and put in place for 2005/2006.

Sustainability Assessment:

- **Environment**

There are no environmental impacts.

- **Social**

The proposal treats people equally, as if amalgamation had not occurred. The people in the north would participate fully in the Environmental Levy Program giving equity citywide. It may be seen that the rates in the north are somewhat lower than elsewhere but that would have been the case if amalgamation had not happened. The community need to view this as a transitional structure only.

- **Economic**

It would be anticipated that the newly added properties would pay higher rates under the rates envisaged for rest of the City and on a base date of 1 July 2002. This would provide Council with additional revenue. How much this would be cannot be determined until the valuations are received. However, such an increase would only be so if the Minister approved it and this is seen as unlikely.

Rate notices must be posted by 1 August or the first instalment, normally due on 31 August, would become not due until 30 November. This would have a severe impact on Council's cash flow.

Consultation:

Discussion has taken place with staff at the Department of Local Government to ascertain whether the proposed process is considered appropriate. The response has generally been positive as the process seeks to meet the approach of the Minister in such circumstances and it recognises the time imperatives Council is under to get its rates out.

Related Policy and / or Precedents:

Other Councils in amalgamation situations will be experiencing similar difficulties or taking similar action because the proclamation relating to them specifically provides for it.

cont'd

13 Issue Of 2004/2005 Rate Notices - Suggested Procedure (cont'd)

Statutory Requirements:

The Minister will have to exercise his discretionary power under the Act in order to overcome contraventions to the Act that the proposal creates.

Issues:

Discussed above.

Implementation Date / Priority:

Council is required to set its rate before rate notices are issued. Notices must be posted by 1 August or the first instalment, normally due on 31 August, is not due until 30 November.

This matter, therefore, has a high priority.

Recommendation:

1. **Application be made to the Minister for Local Government for a Special Variation of a percentage of General Purpose income, the amount of such percentage being derived as follows:-**
 - a) **Calculate the notional Ordinary rates (Residential, Farmland and Business) using 2003/2004 rates on those properties in the Coffs Harbour City Council area as it existed prior to 25 February 2004.**
Valuation used will have a base date of 1 July 2002 (as used in 2003/2004).
 - b) **Calculate the notional Environmental Levy (base amount and ad valorem) using 2003/2004 rate on those properties in the Coffs Harbour City Council area as it existed prior to 25 February 2004.**
Valuation used will have a base date of 1 July 2002 (as used in 2003/2004).
 - c) **Calculate the notional Ordinary rates (Residential, Farmland and Business) using the Pristine Waters Council 2003/2004 rates on those properties formerly in Pristine Waters Council and added to the Coffs Harbour City Council area after 24 February 2004.**
Valuation used will have a base date of 1 July 2001 (as used in 2003/2004).
 - d) **Calculate the notional Environmental Levy (base amount and ad valorem) using the 2003/2004 rate as in (b) above on those properties formerly in Pristine Waters Council and added to the Coffs Harbour City Council area after 24 February 2004.**
Valuation used will have a base date of 1 July 2001.

cont'd

13 Issue Of 2004/2005 Rate Notices - Suggested Procedure (cont'd)

- e) **Sum a), and b) to obtain the notional income of the original Coffs Harbour City Council area.**
 - f) **Increase the sum of a), b), c) and d) by 3.5%.**
 - g) **Subtract e) from f) and divide the result by e), that result being expressed as a percentage.**
2. **The Minister be advised, in support of such application, that Council intends to retain a comparable rating structure in 2004/2005 to that of 2003/2004 for lands formerly in the Pristine Waters Council**
 3. **The consent of the Minister be sought to expand the area covered by the Environmental Levy to include all land now within the City of Coffs Harbour**
 4. **The Minister be requested to exercise his power to cure any irregularities created in order to achieve the proposed rating structure.**
 5. **The Minister be advised that Council will conduct a review of its rate structure in 2004/2005.**

Mark Ferguson
General Manager

Attachments:

COFFS HARBOUR CITY COUNCIL

Proposed Process to Allow the Setting of 2004/2005 Rates

1. Report to Council

On Thursday 1st July 2004 submit a report to Council at its meeting on the principles involved in seeking the Minister's approval to grant a special variation and to have them adopt the process and the method of calculation of the increase. The method of calculation to be :-

- a) Calculate the notional Ordinary rates (Residential, Farmland and Business) using 2003/2004 rates on those properties in the Coffs Harbour City Council area as it existed prior to 25 February 2004.

Valuation used will have a base date of 1st July 2002 (as used in 2003/2004).

- b) Calculate the notional Environmental Levy (base amount and ad valorem) using 2003/2004 rate on those properties in the Coffs Harbour City Council area as it existed prior to 25 February 2004.

Valuation used will have a base date of 1st July 2002 (as used in 2003/2004).

- c) Calculate the notional Ordinary rates (Residential, Farmland and Business) using the Pristine Waters Council 2003/2004 rates on those properties formerly in Pristine Waters Council and added to the Coffs Harbour City Council area after 24th February 2004.

Valuation used will have a base date of 1st July 2001 (as used in 2003/2004).

- d) Calculate the notional Environmental Levy (base amount and ad valorem) using the 2003/2004 rate as in (b) above on those properties formerly in Pristine Waters Council and added to the Coffs Harbour City Council area after 24th February 2004.

Valuation used will have a base date of 1st July 2001.

Note:- Pristine Waters Council did not levy an Environmental Levy on properties in its area in 2003/2004. However, Coffs Harbour City Council will be undertaking works under its Environmental Levy Program in this area in addition to normal revenue funded works. It is anticipated the average levy will be about \$26 in 2004/2005.

- e) Sum a), and b) to obtain the notional income of the original Coffs Harbour City Council area.

- f) Increase the sum of a), b), c) and d) by 3.5%.

2. Application to the Minister For Special Rate Variation etc

As soon as the Valuer General has supplied the necessary valuations and the above calculations have been made (hopefully by 9th July), then the following applications be made:-

- a) Seek approval from the Minister for a special rate variation expressed in the percentage terms from above of f) – e) divided by e).
- b) Seek the Minister’s assent to utilise the provisions of Section 498 so that Council can use valuations with different base dates as disclosed in 1 a) to d).
- c) Seek the Minister’s assent to “cure” the anomaly of having differential rates for Residential, Farmland and Business based on the geographic area of the land formerly contained within Pristine Waters Council and now contained within Coffs Harbour City Council.
- d) Seek the Minister’s assent to “cure” any anomaly if, with any of these differential rates for Residential, Farmland and Business on the former Pristine Waters, the total of the base amount exceeds 50% of the total levy for that differential rate.

The Minister be advised that Council will review its rate structure with appropriate community consultation in the ensuing year.

3. Setting the Rate

If the Minister acts favourably to the above then we proceed to calculate the various rates and have the rate notices ready for printing.

A report is provided for Council at its meeting on 22nd July so that it can set its rates for 2004/2005.:-

a) For The Former Pristine Waters Area

The Ordinary rates would be calculated by increasing both the base amount and the ad valorem used by that Council for 2003/2004 by 3.5%. This result would be:-

	2003/2004	2004/2005
Residential Differential		
Base Amount	\$162.50	\$168.00
Ad Valorem	0.55662 cents in \$	0.57610 cents in \$
Farmland Differential		
Base Amount	\$309.30	\$320.00
Ad Valorem	0.31809 cents in \$	0.32922 cents in \$

Business Differential

Base Amount	\$298.80	\$309.00
Ad Valorem	0.62331 cents in \$	0.64513 cents in \$

Special Rate - Environmental (Northern Area)

Base Amount	N/A	\$15.00 **
Ad Valorem	N/A	0.19880 cents in \$ **

** Being the same as for the remainder of the Coffs Harbour City Area

a) For The City Area Totally

The Ordinary rates will reflect the new rating structure adopted by Council at its meeting on 24th June 2004 where the Residential and Farmland are to both use a base amount of \$200 in 2004/2005. The Business rates will have their ad valorem and minima increased by 3.5%.

The total income the Ordinary rates raise will be equal to the total in 1(a) above plus 3.5%.

The Special Rate - Environmental would have both its base amount and ad valorem increased by 3.5% to \$15.00 and 0.1988 cents in the \$ respectively.

4. Rate Notice Issue

Rate notices able to be issued after Council sets its rate on 22nd July. Issue to occur no later than 30th July.