

33 RATES HARMONISATION PROJECT – DRAFT RATES STRUCTURE FOR 2020-2021

Report Author **Phil Brennan, Manager Finance**
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Authorising Director **Steve Embry, Director Corporate Services**

SUMMARY OF REPORT

This report addresses the Rates Harmonisation Project currently underway and provides a recommendation for the adoption of categories and sub-categories for rating purposes and of a draft rate structure to form a community information program.

SUMMARY OF RECOMMENDATION

That Council:

1. Adopt the categories and sub-categories outlined in the Table 'Proposed Categories & Sub-Categories' contained within the report.
2. Adopt the draft rate structure contained within Annexure A as the basis for a community information program to be undertaken in early 2021.

FINANCIAL/RESOURCE IMPLICATIONS

The rates harmonisation project does not increase the total amount of rates that Council can levy and collect as this is governed by 'rate pegging' legislation.

LEGAL IMPLICATIONS

The categorisation of land for rating purposes and development of rating structures are covered by specific requirements within the Local Government Act. These are outlined within the report.

ATTACHMENTS

- A: Rates Harmonisation Briefing Paper – Morrison Low – May 2019
B: Assessment of Ability to Pay – Mid Coast Council – Morrison Low – July 2019
C: Rates Benefit & Service Pricing Report – MidCoast Council – Morrison Low – September 2020

Attachment A-C have been circulated to the Councillors and Senior Staff, however these Attachments are publicly available on Council's website.

BACKGROUND

The Local Government (Council Amalgamations) Proclamation 2016 which created Mid-Coast Council contained the following clause in respect of the rating structure and categorisation of land for rating purposes.

25 Rating structure and categorisation of land for rating purposes

- (1) This clause applies to the levying of rates for the 2016/2017 rating year.*

- (2) *The structure for rates applied by a former council to rates levied for a parcel of land in a former area for the 2015/2016 rating year is to be applied by the new council to that parcel.*
- (3) *The category or sub-category applied to a parcel of land in a former area for rating purposes for the 2015/2016 rating year is to be applied by the new council to that parcel.*
- (4) *It does not matter that different rating structures apply to different parcels because of subclause (2).*
- (5) *This clause does not prevent a person from applying for a review of a category under section 525 of the Act or from making an appeal under section 526 of that Act.*
- (6) *The rating structure is to be reviewed within the first term of the new council following the first election of the council.*

The Local Government Act 1993 was subsequently amended by the inclusion of section 218CB 'Transitional provision for maintenance of pre-amalgamation rate paths' which allowed the Minister for Local Government to make a determination that allowed for the rating structures of the former councils to remain in place for a period of 3 years after such a determination was made.

The Minister at the time made such a determination in May 2017 which meant that the rate structures of the former councils remained in place until 30 June 2020.

Further changes to the Act provided the Minister with the ability to extend the 'rate freeze' provisions for a further 12 months. Council chose to accept the additional 12-month extension the result being that Council is required to have a single or 'harmonised' rates structure in place by 30 June 2021 taking effect for the 2021/2022 rating period.

IMPACT OF RATES & RATEPAYERS

The objectives of this project were twofold:

1. To develop an equitable rating structure that distributes the rates burden fairly across the new LGA
2. Balanced with the need to reduce the extent of a sudden, unexpected impact for the majority of ratepayers.

To an extent these are conflicting objectives as any increase in what a ratepayer is currently paying may be viewed as being the result of an inequitable rate structure. The rates harmonisation process is also impacted by all of the rating policy decisions made by the former councils since 1993 (coinciding with the introduction of the new Act) and in some instances prior to that date. Those decisions have created the differentials that are being highlighted through this process.

It is important to note at the outset that this Rates Harmonisation Project does not increase the total amount of rates that Council can levy and collect. This is governed by the general income requirements of the Act and by the rate pegging and special rate variation processes overseen by the Independent Pricing & Regulatory Tribunal (IPART).

The announced rate peg for the 2021/2022 rating year is 2%. Council will increase its general income by this figure. It will not be making an application to the IPART for a special rate variation above the rate peg for the 2021/2022 rating year.

The Rates Harmonisation Project will impact the amount of rates that will be levied on and payable by individual ratepayers. There will be ratepayers who will receive a decrease in their rates as a result of this process. Similarly, there will be ratepayers who will experience an

increase in the level of rates payable. This is an unavoidable outcome of the requirement to move to a single or 'harmonised' rate structure.

Morrison Low described the impact as follows:

“Even small changes to the rating structure will normally have large effects on the calculation of rates on some individual assessments, due to the nature of differential rates.

History and past policy decisions work against this process because small policy differences have large cumulative impacts on individual rate assessments that will necessarily result in large adjustments in any new harmonised rate structure.

There is no solution that will not produce outlier increases and decreases for individual ratepayers that may be beyond Council’s accepted tolerance level. Our objective throughout this process is to produce an equitable rates structure that distributes the rates burden fairly; and this objective is balanced with the requirement to reducing sudden, unexpected increases for the majority of ratepayers.”

Using the Farmland category to illustrate this point, the following table shows the existing Farmland structures of the former councils.

	No. of Assess	Base %	Base Amt	Land Value	Rate in \$	Yield
Gloucester						
Farmland	643	15.97%	\$619.50	\$467,465,800	0.004485	\$2,494,922
Great Lakes						
Farmland	4,082	44.00%	\$387.00	\$630,189,665	0.003191	\$3,590,669
Greater Taree						
Farmland	1,521	35.08%	\$741.00	\$707,944,839	0.002946	\$3,212,827
Total	6,246			\$1,805,600,304		\$9,298,418

There are significant differences between the Base Amount and the Rate in the \$ applied to each of these existing structures. A move to a single Farmland structure will result in the movement of yield between the former areas and between ratepayers. The table below illustrates this using a base amount of \$729 which is approximately 49% of the total yield for the combined Farmland category.

Category - Farmland	No. of Assess	Base %	Base Amt	Land Value	Rate in \$	Yield
Gloucester	643	48.97%	\$729.00	\$467,465,800	0.002628	\$1,697,247
Great Lakes	4,082	48.97%	\$729.00	\$630,189,665	0.002628	\$4,631,916
Greater Taree	1,521	48.97%	\$729.00	\$707,944,839	0.002628	\$2,969,288
Total	6,246			\$1,805,600,304		\$9,298,452

The above table indicates a movement of rate burden from Gloucester and Greater Taree Farmland properties to Great Lakes Farmland properties. This is due to the lower value of these properties and the lower base rate that applied. Gloucester properties with a higher base rate and ad valorem rate would experience a large decrease in rate burden from the example above. The Great Lakes figures contain 3,194 non-urban properties that are categorised as

Farmland and that generally have low values. Substantial increases in rates for these properties would be the result of adoption of this model.

Note that this example is not the recommended structure but is provided to illustrate and highlight the challenges associated with this project.

In preparation for the initial 30 June 2020 deadline Council engaged Morrison Low consultants to assist with the Rates Harmonisation Project. This work included the preparation of a number of briefing papers, undertake rates modelling and participation in workshops with Council to present, review and refine a draft structure of consideration.

The Briefing Papers developed and presented to Council workshops included a Rates Harmonisation Briefing Paper, Assessment of Ability to Pay Report and a Rates Benefit & Service Pricing Report. These reports were prepared to provide Council with information in preparation for the strategic conversations that were held in respect of setting a new Revenue Policy and Harmonised Rates Structure.

Those reports are included as Attachments A – C. It is noted that Attachment B “Assessment of Ability to Pay” has a Table on Page 1 which cannot be completed until Council adopts a Rate Structure. When this information is available the Table in the Report will be completed and included in the community information program.

LEGISLATIVE REQUIREMENTS

The legislative framework for setting rates and designing rating structures is set out in Chapter 15 of the Local Government Act 1993.

The focus of this report and of the council workshops has been on the development of a structure that addresses the ordinary rates levied by Council. Separate work is being undertaken in respect of annual charges, specifically domestic and non-domestic waste management charges and stormwater management charges.

The rates that will be levied on an individual ratepayer are based on a combination of the category (or sub-category) that applies to the land, the valuation of that land and the structure of the rate determined by Council.

Categorisation of Land

Section 493 of the Act states that there are 4 categories of rateable land – farmland; residential; mining and business, and that Council may divide these categories into sub-categories in accordance with section 529.

The relevant sections of the Act are reproduced below:

514 Categorisation of land for purposes of ordinary rates

Before making an ordinary rate, the council must have declared each parcel of rateable land in its area to be within one or other of the following categories—

- *farmland*
- *residential*
- *mining*
- *business.*

Note—

Land falls within the “business” category if it cannot be categorised as farmland, residential or mining. The main land uses that will fall within the “business” category are commercial and industrial.

515 Categorisation as farmland

- (1) Land is to be categorised as farmland if it is a parcel of rateable land valued as one assessment and its dominant use is for farming (that is, the business or industry of grazing, animal feedlots, dairying, pig-farming, poultry farming, viticulture, orcharding, bee-keeping, horticulture, vegetable growing, the growing of crops of any kind, forestry or aquaculture within the meaning of the Fisheries Management Act 1994, or any combination of those businesses or industries) which—
 - a) has a significant and substantial commercial purpose or character, and
 - b) is engaged in for the purpose of profit on a continuous or repetitive basis (whether or not a profit is actually made).
- (2) Land is not to be categorised as farmland if it is rural residential land.
- (3) The regulations may prescribe circumstances in which land is or is not to be categorised as farmland.

516 Categorisation as residential

- (1) Land is to be categorised as residential if it is a parcel of rateable land valued as one assessment and—
 - a) its dominant use is for residential accommodation (otherwise than as a hotel, motel, guest-house, backpacker hostel or nursing home or any other form of residential accommodation (not being a boarding house or a lodging house) prescribed by the regulations), or
 - b) in the case of vacant land, it is zoned or otherwise designated for use under an environmental planning instrument (with or without development consent) for residential purposes, or
 - c) it is rural residential land.
- (1A) For the purposes of this section, a boarding house or a lodging house means a building wholly or partly let as lodging in which each letting provides the tariff-paying occupant with a principal place of residence and in which—
- a) each tariff charged does not exceed the maximum tariff for boarding houses or lodging houses for the time being determined by the Minister by order published in the Gazette for the purposes of this subsection, and
 - b) there are at least 3 tariff-paying occupants who have resided there for the last 3 consecutive months, or any period totalling 3 months during the last year, and includes a vacant building that was so let immediately before becoming vacant, but does not include a residential flat building, licensed premises, a private hotel, a building containing serviced apartments or a backpacker hostel or other tourist establishment.
- (2) The regulations may prescribe circumstances in which land is or is not to be categorised as residential.

517 Categorisation as mining

- (1) Land is to be categorised as mining if it is a parcel of rateable land valued as one assessment and its dominant use is for a coal mine or metalliferous mine.
- (2) The regulations may prescribe circumstances in which land is or is not to be categorised as mining.

518 Categorisation as business

Land is to be categorised as business if it cannot be categorised as farmland, residential or mining.

519 How is vacant land to be categorised?

If vacant land is unable to be categorised under section 515, 516 or 517, the land is to be categorised—

- a) if the land is zoned or otherwise designated for use under an environmental planning instrument—according to any purpose for which the land may be used after taking into account the nature of any improvements on the land and the nature of surrounding development, or
- b) if the land is not so zoned or designated—according to the predominant categorisation of surrounding land.

529 Rate may be the same or different within a category

- (1) Before making an ordinary rate, a council may determine a sub-category or sub-categories for one or more categories of rateable land in its area.
- (2) A sub-category may be determined—
 - a) for the category “farmland”—according to the intensity of land use, the irrigability of the land or economic factors affecting the land, or
 - b) for the category “residential”—according to whether the land is rural residential land or is within a centre of population, or
 - c) for the category “mining”—according to the kind of mining involved, or
 - d) for the category “business”—according to a centre of activity.

Note—

In relation to the category “business”, a centre of activity might comprise a business centre, an industrial estate or some other concentration of like activities.

- (3) The ad valorem amount (the amount in the dollar) of the ordinary rate may be the same for all land within a category or it may be different for different sub-categories.
- (4) 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.

Sections 520 – 528 deal with the procedural aspects of land categorisation for rating purposes.

Each of the former councils had categorised and sub-categorised parcels of rateable land to meet the requirements of those councils at the time. The current categories, the rate that applies and definition of uses to the various sub-categories are set out in the tables below which have been taken from the current Operational Plan.

Former Great Lakes Council area

Category	Sub-category	Definition of use
Residential		Dominant use of land is for residential purposes. Includes vacant land zoned to permit use for residential purposes.
	Residential Towns	Separate sub-categories based on “centres of population” for Nابیac, Stroud, Bulahdelah, Forster, Tuncurry, Green Point, Pacific Palms, Hawks Nest, Tea Gardens, Seal Rocks, Pindimar, Coomba Park, North Arm Cove and Winda Woppa. Includes vacant land within those areas that are zoned to permit residential purposes.
Business		Includes all properties which cannot be categorised as Residential or Farmland. Includes vacant land zoned to permit business.
	Business Towns	Separate sub-category for business properties in the towns of Forster and Tuncurry and the Council Administration Centre in Forster. Includes vacant land zoned for purposes such as business, commercial or industrial use.
Farmland		All land deemed to be Farmland in accordance with the provisions of Section 515 Local Government Act 1993.
		All residential type blocks such as at North Arm Cove and Pindimar which are zoned Zone RU2 - Rural Landscape. These properties cannot receive building approval, however limited agricultural use may be permitted.
Mining		Land is to be categorised as mining if it is a parcel of rateable land and its dominant use is for a coal or metalliferous mine.

Former Greater Taree City Council area

Category	Sub-category	Definition of use
Residential		Dominant use of land is for residential purposes. Includes vacant land zoned to permit use for residential purposes.
	Residential Town	All properties within the defined boundaries of Taree, Cundletown and Wingham whose dominant use is for residential accommodation; also includes vacant land zoned or otherwise designated for use for Residential purposes under an environmental planning instrument.
	Residential Village	All properties within the defined boundaries of the villages of Black Head, Coopernook, Croki, Crowdy Head, Diamond Beach, Hallidays Point, Harrington, Johns River, Krumbach, Lansdowne, Manning Point, Old Bar, Red Head, Tallwoods Village, Tinonee and Wallabi Point whose dominant use is for residential accommodation; also includes vacant land zoned or otherwise designated for use for Residential purposes under an environmental planning instrument.
	Residential Rural Estate	All properties zoned for rural residential subdivisions and having been developed for that purpose with the dominant use being for residential accommodation; also includes vacant land within these estates.
	Residential Rural	All properties used for residential purposes that are outside the areas defined as Towns, Villages and Rural Estates. Also included are vacant concessional allotments having designated use for Residential purposes under an environmental planning instrument.
Business		Includes all properties that cannot be categorised as Residential or Farmland. Includes vacant land zoned to permit business.
	Business Town	All properties within the defined town boundaries with the dominant use being commercial or industrial activities. Includes property which cannot be categorised as Farmland, Residential or Mining. Includes vacant land zoned for commercial or industrial use.
	Business Village	All properties within the defined village boundaries with the dominant use being commercial or industrial activities. Includes vacant land zoned for commercial or industrial use.
	Business	All properties used for commercial or industrial activities that are outside the town and village defined boundaries. Includes vacant land zoned for commercial or industrial use.
Farmland		All properties that fulfil the definition of Farmland eligibility determined in accordance with Section 515 of the Local Government Act 1993.

Former Gloucester Shire Council area

Category	Sub-Category	Definition of use
Residential		Dominant use of land is for residential purposes. Includes vacant land zoned to permit use for residential purposes.
	Residential Gloucester	All properties within the defined boundary of Gloucester. Includes vacant land within the area that is zoned to permit residential purposes.
	Residential Village	All properties with the defined boundaries of Barrington, Stratford and Craven. Includes vacant land within those areas that is zoned to permit residential purposes.
	Residential Rural	All properties that are outside the areas defined as towns and villages and do not fall into the category of farming.
Business		Includes all properties that cannot be categorised as Residential or Farmland. Includes vacant land zoned to permit business.
	Business Commercial / Industrial	All properties within the defined town boundaries with the dominant use being commercial or industrial use. Includes vacant land zoned for commercial or industrial use.
	Business Other	Any business that does not fall into the category of commercial or industrial.
Farmland		All land deemed to be Farmland in accordance with the provisions of Section 515 Local Government Act 1993.
Mining		Land is to be categorised as mining if it is a parcel of rateable land and its dominant use is for a coal or metalliferous mine.
	Mining (Working Coal)	Land is to be categorised as mining if it is a parcel of rateable land and its dominant use is for coal.
	Mining (Other Gold)	Land is to be categorised as mining if it is a parcel of rateable land and its dominant use is for gold.

For the purposes of this project a detailed review of the existing categorisation of land was not undertaken i.e. it was assumed that existing categorisation declarations were correct. Attention at workshops was focussed on the level of sub-categorisation that would be desirable in combining the existing rate structures into a single structure.

Farmland

Farmland can be sub-categorised on the basis of intensity of land use, irrigability of land or economic factors affecting the land (noting that irrigability is related to water rights within the meaning of the Valuation of Land Act).

The existing Farmland structures contained 1 sub-category within the former Great Lakes structure that covered land described as non-urban predominantly located in the North Arm Cove, Pindimar, Carrington etc areas. These properties are residential type blocks which are zoned RU2 - Rural Landscape but cannot receive building approval however limited agricultural use may be permitted.

Following consideration of various Farmland models that removed this sub-category it is proposed that it be retained on the basis of the intensity of use as it is recognised within the LEP as being capable of limited agricultural use in comparison with all other Farmland categorised properties which are required to meet the definition of Farmland under the Act.

Mining

There are 6 properties categorised as Mining across the entire MidCoast Council area. It is not proposed to sub-categorise on the basis of the kind of mining involved and as such there will be a single Mining category covering all such properties.

Residential

The Residential category covers the majority of rateable properties in the MidCoast Council area. Acknowledging the differences in values, availability of and access to services and facilities and the varying size and locality of population centres it is proposed that sub-categories be utilised in the Residential rate structure.

The Residential category can be sub-categorised based on centres of population or if the land is rural residential land.

The definition of rural residential land is land that is the site of a dwelling, is not less than 2 hectares and not more than 40 hectares and does not have a significant and substantial commercial purpose or character. There are also criteria in relation to the zoning of the land that need to be considered.

It is not proposed that a rural residential sub-category be created. For land to fall within this sub-category it must meet the all parts of the criteria. In practice this raises anomalies particularly in rural residential estates where there may be small variations in the area of adjoining properties eg 1 property with an area of 1.99ha adjoining a property with an area of 2.01ha and both having a dwelling – the result is that the 2.01ha property is sub-categorised as rural residential and the 1.99ha property is not.

It is proposed to continue with the sub-categorisation of the Residential category based on centres of population. The current sub-categories for the former council areas are set out below:

Great Lakes	Greater Taree	Gloucester
Forster	Taree	Gloucester
Tuncurry	Cundletown	Barrington
Green Point	Wingham	Stratford
Pacific Palms	Hallidays Point	Craven
Winda Woppa	Old Bar	Residential Rural
Hawks Nest	Harrington	
Tea Gardens	Coopernook	

North Arm Cove	Croki	
Pindimar	Johns River	
Seal Rocks	Krambach	
Coomba Park	Lansdowne	
Nabiac	Tinonee	
Bulahdelah	Rural Estates	
Stroud	Residential Rural	
Residential Rural	Black Head	
	Crowdy Head	
	Wallabi Point	
	Diamond Beach	
	Manning Point	
	Red Head	
	Tallwoods Village	

Following considerable discussion at the workshops it is proposed to create the following sub-categories under the new structure.

Sub-Category	Sub-Category
Forster	Pindimar
Tuncurry	Pacific Palms
Taree	Seal Rocks
Cundletown	Smiths Lake
Wingham	Green Point
Gloucester	Hallidays Point - including Black Head, Red Head, Diamond Beach & Tallwoods Village
Hawks Nest	Old Bar / Wallabi Point – including Manning Point
Tea Gardens	Harrington / Crowdy Head
North Arm Cove	Winda Woppa

It is also proposed that those existing sub-categories that are not mentioned in the table above will cease to be sub-categories and will remain categorised as Residential.

It is a requirement of the Act that all properties across the council area be categorised into one of the four allowable rating categories. It is not a requirement that all properties be sub-categorised. The rate structure that will be proposed below groups certain sub-categories and applies a common base amount and ad-valorem rate to them eg properties along the coastal strip. It is the properties falling in centres of population where a common rate other than that proposed for the Residential category that have been identified above as requiring sub-categorisation.

Business

As identified above land is categorised as Business if it cannot be categorised in one of the other 3 categories. Sub-categorisation is based on centres of activity. All of the former councils have created sub-categories that generally align with town or village boundaries with the remaining properties in the Business category.

Those existing sub-categories are set out below followed by the proposed sub-categories

Great Lakes	Greater Taree	Gloucester
Forster	Town	Commercial / Industrial
Tuncurry	Village	Other
Council Administration	Rural	
Business		

Proposed Business Sub-categories

Forster
Tuncurry
Gloucester
Taree
Cundletown
Wingham

Note that all other properties that are categorised as Business will not be sub-categorised. There are approximately 975 of these properties to which the Business rate will apply.

The table below outlines the new category / sub-category proposal and includes the number of properties within each category or sub-category. Where there is no sub-category listed, this represents the properties that have not been further sub-categorised.

PROPOSED CATEGORIES & SUB-CATEGORIES

Category	Sub-Category	No. of assessments
Farmland		3,056
	Low-Intensity	3,194
Residential	(No Sub-Category)	12,313
	Forster	7,250
	Tuncurry	3,171
	Taree	6,823
	Cundletown	717
	Wingham	2,140
	Gloucester	1,175
	Hawks Nest	1,384
	Tea Gardens	1,409
	North Arm Cove	403
	Pindimar	196
	Pacific Palms	1,042
	Smiths Lake	1,022
	Seal Rocks	61
	Green Point	311
	Hallidays Point	2,022
	Old Bar / Wallabi Point	2,498
	Harrington / Crowdy Head	1,934
	Winda Woppa	167
Business	(No Sub-Category)	975
	Forster	405
	Tuncurry	215
	Taree	722
	Cundletown	11
	Wingham	108
	Gloucester	243
Mining		6

It should be noted that these sub-categories are based on the existing sub-category maps. It will be necessary to review these maps and identify any areas where town or village boundaries have expanded and require adjustments to sub-categories.

Should Council adopt these categories / sub-categories there is an administrative process that will follow to notify ratepayers of the new category / sub-category that is proposed to apply for the 2021/2022 rating year. There are appeal processes associated with these declarations which are set out in sections 520 – 528 of the Act.

The Structure of a Rate

The existing rate structures of the former councils predominantly consist of a base amount to which an ad-valorem amount is added. Business rates in the former Greater Taree structure consisted of an ad-valorem amount subject to a minimum amount of rates while the Gloucester Mining rate structure was 100% ad-valorem.

The proposed structures for each category and sub-category are all configured on a base amount + ad-valorem component methodology.

From a legislative perspective the following matters need to be considered in applying a base amount and ad-valorem structure.

- The base amount may be uniform or may vary between categories or sub-categories.
- The base amount is applied uniformly to all land subject to the rate (or category or sub-category of a rate).
- The base amount cannot produce more than 50% of the total revenue to be derived from a rate (or the category or sub-category of the rate).
- The ad-valorem amount of a rate is to be levied on the land value of all land that is rateable to the rate.
- The ad-valorem rate may be the same for all categories or it may be different for different categories.
- The same applies to categories and sub-categories i.e. the ad-valorem rate applied to a category and its sub-categories may be the same or different.

Rate Structure Modelling

A series of workshops have been conducted with councillors to consider the impact of moving from the 3 existing rate structures to a single rate structure. Initial modelling and workshops were undertaken by Morrison Low and focussed on the use of a range of common base percentages applied across a range of options for the number of sub-categories that may apply. Later workshops undertaken by council staff focussed on the movement within categories and sub-categories to identify the percentage and dollar movements from the application of new structures. There was also a move from a common Base percentage to a common Base amount applying to categories and sub-categories.

Having considered the information provided by Morrison Low around service costing and benefit analysis, models were prepared so that the rate burden was not shifted between categories i.e. the current amount of rates levied on the Residential category would be the same after the modelling. It was understood that the rate burden may move within categories and across sub-categories and this was a consideration in assessing the impact of any model that was produced.

Modelling also focussed on the application of a common rate across sub-categories where there was a similarity in services and facilities provided and/or comparable valuations.

The modelling has also been based on the 2020/2021 rate levy and each model reconciles back to the level of rating income levied for that year. This allows for a direct comparison between the current and modelled structure. Once a draft structure is adopted it will be subject to an increase equivalent to the rate peg of 2% when it is included in the draft 2021/2022 Integrated Planning and Reporting documents.

The initial groupings looked at an Urban rate that would apply to the major urban centres of Taree / Cundletown / Wingham and Forster / Tuncurry, a Coastal rate that would apply to the centres of population along the coastline of the MidCoast area given the higher values and similar service levels, a Village rate focussed on small villages such as Stroud, Bulahdelah, Nahiabac, Tinonee and a Residential rate that would apply to all other properties within this category.

Based on the consideration of these models, the movement of rates burden between sub-categories and the range of movements in terms of percentage and dollar value a draft structure as contained in Annexure A was provided for consideration.

For Farmland, modelling focussed on the use of a single category covering all properties categorised as Farmland. Consideration was also given to the creation of a separate sub-category containing those non-urban properties from the former Great Lakes structure. Models were prepared for this scenario as well.

There are few options available to minimise the movement of rates across the Farmland category. The differences between each of the former councils is significant and any model that applies a common structure across all of these properties results, in general, in a reduction of rates levied on former Gloucester Farmland, increases in the former Great Lakes Farmland properties and increases and decreases across the former Great Taree Farmland category.

A separate sub-category for the non-urban land in the former Great Lakes is recommended with the rate burden maintained at a similar level to the current level. While this does not provide a resolution to the longstanding issue of the rating of these properties, it does maintain the status quo in terms of level of rates paid, level of outstanding debts etc.

This proposed structure is shown in Annexure A.

The Mining category contains 6 properties of which 2 are large coal mines. Any single structure results in a shift of rate burden from the Gloucester mine (Stratford) to the Great Lakes mine (Duralie) with smaller increases in the smaller mines.

A structure utilising a 1% base amount is recommended and included in Annexure A.

The Business category provides similar challenges to the Residential category. A change from a minimum rate structure to a base and ad-valorem structure is proposed for the former Greater Taree business properties. This provides consistency across the entire rate structure. To minimise impact, it is proposed that there be separate sub-categories and rates that cover the main business centres of Forster / Tuncurry, Taree / Cundletown / Wingham and Gloucester. All other Business categorised properties would be subject to a single rate.

This structure is shown in Annexure A.

For comparative purposes the current rate structure as adopted by Council is included as Annexure B.

COMMUNITY CONSIDERATION

It is proposed that the draft structure form the basis of a community information program to be undertaken in the new year. This will provide the community opportunities to understand the likely impact of the move to a single or 'harmonised' rate structure on their individual circumstances and for feedback on the structure at a strategic level.

This provides time for Council to consider any feedback received and whether amendments are required to the draft rate structure prior to its inclusion in the 2021/2022 draft Statement of Revenue Policy (which forms part of the 2021/2022 draft Delivery Program / Operational Plan).

RECOMMENDATION

That Council:

1. Adopt the categories and sub-categories outlined in the Table 'Proposed Categories & Sub-Categories' contained within the report.
 2. Adopt the draft rate structure contained within Annexure A as the basis for a community information program to be undertaken in early 2021.
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ANNEXURES

A: Proposed Draft Rate Structure for MidCoast Council

PROPOSED DRAFT RATE STRUCTURE FOR MIDCOAST COUNCIL

RESIDENTIAL CATEGORY	Assessments	Base Amount	Base %	Ad valorem Rate	Base \$	Ad-valorem \$	Total Rates	Average rate	Average Movement	Rates 2020-2021	Average Rate 2020-2021
Urban Sub-Categories											
Residential Forster Tuncurry Rate	10,421	\$662.00	45.88%	0.0034780	\$6,898,702.00	\$8,138,892.37	\$15,037,594.37	\$ 1,443.01	\$ -	\$ 15,037,594.37	\$ 1,443.01
Forster	7,250	\$662.00	44.92%	0.0034780	\$4,799,500.00	\$5,886,156.22	\$10,685,656.22	\$ 1,473.88	\$ -	\$ 10,685,656.22	\$ 1,473.88
Tuncurry	3,171	\$662.00	48.24%	0.0034780	\$2,099,202.00	\$2,252,736.15	\$ 4,351,938.15	\$ 1,372.42	\$ -	\$ 4,351,938.15	\$ 1,372.42
Residential Taree Wingham & Cundletown Rate	9,680	\$595.00	46.53%	0.0051710	\$5,759,600.00	\$6,619,302.63	\$12,378,902.63	\$ 1,278.81	\$ 0.00	\$ 12,378,902.74	\$ 1,278.81
Residential Taree	6,823	\$595.00	46.51%	0.0051710	\$4,059,685.00	\$4,669,750.92	\$ 8,729,435.92	\$ 1,279.41	\$ 0.02	\$ 8,729,333.02	\$ 1,279.40
Residential Cundletown	717	\$595.00	40.03%	0.0051710	\$ 426,615.00	\$ 639,169.21	\$ 1,065,784.21	\$ 1,486.45	\$ 4.86	\$ 1,062,299.83	\$ 1,481.59
Residential Wingham	2,140	\$595.00	49.28%	0.0051710	\$1,273,300.00	\$1,310,382.49	\$ 2,583,682.49	\$ 1,207.33	\$- 1.67	\$ 2,587,259.89	\$ 1,209.00
Residential Gloucester Rate	1,175	\$525.00	44.41%	0.0071780	\$ 616,875.00	\$ 772,141.41	\$ 1,389,016.41	\$ 1,182.14	\$ -	\$ 1,389,016.41	\$ 1,182.14
Residential Gloucester	1,175	\$525.00	44.41%	0.0071780	\$ 616,875.00	\$ 772,141.41	\$ 1,389,016.41	\$ 1,182.14	\$ -	\$ 1,389,016.41	\$ 1,182.14
Coastal Sub-Categories											
Coastal Rate	12,282	\$611.00	43.16%	0.0031616	\$7,504,302.00	\$9,883,757.18	\$17,388,059.18	\$ 1,415.74	-\$ 2.33	\$ 17,416,632.84	\$ 1,418.06
Hawks Nest	1,384	\$611.00	42.70%	0.0031616	\$ 845,624.00	\$1,134,607.81	\$ 1,980,231.81	\$ 1,430.80	-\$ 80.42	\$ 2,091,530.18	\$ 1,511.22
Tea Gardens	1,409	\$611.00	42.36%	0.0031616	\$ 860,899.00	\$1,171,455.33	\$ 2,032,354.33	\$ 1,442.41	-\$ 80.83	\$ 2,146,249.94	\$ 1,523.24
North Arm Cove	403	\$611.00	39.26%	0.0031616	\$ 246,233.00	\$ 380,984.56	\$ 627,217.56	\$ 1,556.37	-\$ 84.92	\$ 661,441.84	\$ 1,641.29
Pindimar	196	\$611.00	41.50%	0.0031616	\$ 119,756.00	\$ 168,830.28	\$ 288,586.28	\$ 1,472.38	-\$ 81.91	\$ 304,640.60	\$ 1,554.29
Pacific Palms Rate	1,042	\$611.00	30.23%	0.0031616	\$ 636,662.00	\$1,469,691.71	\$ 2,106,353.71	\$ 2,021.45	-\$ 21.76	\$ 2,129,023.56	\$ 2,043.21
Seal Rocks	61	\$611.00	19.40%	0.0031616	\$ 37,271.00	\$ 154,868.56	\$ 192,139.56	\$ 3,149.83	-\$ 142.10	\$ 200,807.88	\$ 3,291.93
Smiths Lake	1,022	\$611.00	48.19%	0.0031616	\$ 624,442.00	\$ 711,280.35	\$ 1,295,722.35	\$ 1,267.83	-\$ 18.15	\$ 1,314,270.64	\$ 1,285.98
Green Point	311	\$611.00	49.26%	0.0031616	\$ 190,021.00	\$ 195,728.44	\$ 385,749.44	\$ 1,240.35	-\$ 22.12	\$ 421,201.50	\$ 1,354.35
Residential Hallidays Point	2,022	\$611.00	46.04%	0.0031616	\$1,235,442.00	\$1,447,743.59	\$ 2,683,185.59	\$ 1,327.00	\$ 52.44	\$ 2,576,327.20	\$ 1,274.15
Residential Old Barr/Wallabi Pt	2,498	\$611.00	48.60%	0.0031616	\$1,526,889.00	\$1,614,731.95	\$ 3,141,620.95	\$ 1,257.15	\$ 47.32	\$ 3,022,747.67	\$ 1,210.07
Residential Harrington/Crowdy	1,934	\$611.00	44.49%	0.0031616	\$1,181,063.00	\$1,473,834.60	\$ 2,654,897.60	\$ 1,373.46	\$ 55.84	\$ 2,548,391.84	\$ 1,317.68

Winda Woppa Sub-Category	Assessments	Base Amount	Base %	Ad valorem Rate	Base \$	Ad-valorem \$	Total Rates	Average rate	Average Movement	Rates 2020-2021	Average Rate 2020-2021
Winda Woppa Rate	167	\$662.00	20.33%	0.0042900	\$ 110,554.00	\$ 433,195.62	\$ 543,749.62	\$ 3,255.99	\$ -	\$ 543,749.62	\$ 3,255.99

Residential Category	Assessments	Base Amount	Base %	Ad valorem Rate	Base \$	Ad-valorem \$	Total Rates	Average rate	Average Movement	Rates 2020-2021	Average Rate 2020-2021
Residential Rate	12,313	\$694.47	49.50%	0.0029793	\$8,557,164.77	\$8,730,036.78	\$17,287,201.55	\$ 1,403.98	\$ -	\$ 17,287,201.55	\$ 1,403.98

FARMLAND CATEGORY	Assessments	Base Rate	Base %	Ad-valorem Rate	Base \$	Ad-valorem \$	Total Rates	Average rate	Average Movement	Rates 2020-2021	Average Rate 2020-2021
Farmland Rate	3,056	\$613.06	24.00%	0.0034395	\$1,873,513.78	\$5,932,793.64	\$ 7,806,307.41	\$ 2,554.42	\$ 0.41	\$ 7,805,068.41	\$ 2,554.01

Farmland Low Intensity Sub-Category

Farmland Low Intensity Rate	3,194	\$229.88	49.00%	0.0092940	\$ 734,247.28	\$ 764,216.56	\$ 1,498,463.85	\$ 469.15	\$ -	\$ 1,498,463.85	\$ 469.15
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BUSINESS CATEGORY	Assessments	Base Rate	Base %	Ad-valorem Rate	Base \$	Ad-valorem \$	Total Rates	Average rate	Average Movement	Rates 2020-2021	Average Rate 2020-2021
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Business Sub Categories

Forster Tuncurry Business Rate	620	\$763.00	15.66%	0.0092650	\$ 473,060.00	\$2,548,579.36	\$ 3,021,639.36	\$ 4,873.61	\$ 14.29	\$ 3,012,781.45	\$ 4,859.32
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Business Forster Rate	405	\$763.00	15.43%	0.00926500	\$ 309,015.00	\$1,693,279.06	\$ 2,002,294.06	\$ 4,943.94	\$ 101.47	\$ 1,978,758.03	\$ 4,897.92
Business Tuncurry Rate	215	\$763.00	16.09%	0.00926500	\$ 164,045.00	\$ 855,300.30	\$ 1,019,345.30	\$ 4,741.14	\$ 101.47	\$ 1,034,023.42	\$ 4,809.41

Gloucester Business Rate	243	\$525.00	25.49%	0.0109080	\$ 127,575.00	\$ 372,877.11	\$ 500,452.11	\$ 2,059.47	\$ -	\$ 500,452.11	\$ 2,059.47
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Business Gloucester Rate	243	\$525.00	25.49%	0.0109080	\$ 127,575.00	\$ 372,877.11	\$ 500,452.11	\$ 2,059.47	\$ -	\$ 500,452.11	\$ 2,059.47
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Taree Business Rate - Base Rate Structure	841	\$248.00	4.07%	0.0210720	\$ 205,840.00	\$4,854,478.16	\$ 5,060,318.16	\$ 6,017.03	-\$ 25.31	\$ 5,081,606.37	\$ 6,042.34
Business Taree Rate	722	\$248.00	3.83%	0.0210720	\$ 179,056.00	\$4,493,190.93	\$ 4,672,246.93	\$ 6,471.26	\$ -		
Business Wingham Rate	108	\$248.00	6.90%	0.0210720	\$ 26,784.00	\$ 361,287.24	\$ 388,071.24	\$ 3,593.25	\$ -		
Business Cundletown	11	\$248.00	14.93%	0.0210720	\$ 2,728.00	\$ 18,277.22	\$ 18,277.22	\$ 1,661.57	\$ -		
Business Rate	975	\$521.89	25.00%	0.0064660	\$ 508,842.75	\$1,526,586.31	\$ 2,035,429.06	\$ 2,087.62	\$ 0.05	\$ 2,035,383.47	\$ 2,087.57

MINING CATEGORY	Assessments	Base Rate	Base %	Ad-valorem Rate	Base \$	Ad-valorem \$	Total Rates	Average rate	Average Movement	Rates 2020-2021	Average Rate 2020-2021
Mining Rate	6	\$551.50	0.99%	0.0075660	\$ 3,309.00	\$ 330,539.63	\$ 333,848.63	\$ 55,641.44	-\$ 1.67	\$ 333,858.63	\$ 55,643.11

B: Current Rate Structure for MidCoast Council

Current Rate Structure for MidCoast Council

2020-2021 rates										Average	Average
Minimums	Assessments	Base %	Base	Base	2019	Ad Valorem				Value	Rate
			Amount	Dollar	Land Value	Rate in \$	Amount	Total Rates			
Residential Sub Categories											
Residential Forster Tuncurry Rate											
Forster	7,250	44.92%	\$ 662.00	\$ 4,799,500.00	1,692,396,843	0.00347800	\$ 5,886,156.22	\$ 10,685,656.22	233,434	\$ 1,473.88	
Tuncurry	3,171	48.24%	\$ 662.00	\$ 2,099,202.00	647,710,220	0.00347800	\$ 2,252,736.15	\$ 4,351,938.15	204,261	\$ 1,372.42	
Green Point	311	48.88%	\$ 662.00	\$ 205,882.00	61,909,000	0.00347800	\$ 215,319.50	\$ 421,201.50	199,064	\$ 1,354.35	
Pacific Palms Rate											
Smiths lakes	1,042	32.40%	\$ 662.00	\$ 689,804.00	464,864,200	0.00309600	\$ 1,439,219.56	\$ 2,129,023.56	446,127	\$ 2,043.21	
Winda Woppa Rate											
	167	20.33%	\$ 662.00	\$ 110,554.00	100,978,000	0.00429000	\$ 433,195.62	\$ 543,749.62	604,659	\$ 3,255.99	
Lower Coastal Rate											
Hawks Nest	1,384	43.81%	\$ 662.00	\$ 916,208.00	358,877,000	0.00327500	\$ 1,175,322.18	\$ 2,091,530.18	259,304	\$ 1,511.22	
Tea Gardens	1,409	43.46%	\$ 662.00	\$ 932,758.00	370,531,890	0.00327500	\$ 1,213,491.94	\$ 2,146,249.94	262,975	\$ 1,523.24	
North Arm Cove	403	40.33%	\$ 662.00	\$ 266,786.00	120,505,600	0.00327500	\$ 394,655.84	\$ 661,441.84	299,021	\$ 1,641.29	
Pindimar	196	42.59%	\$ 662.00	\$ 129,752.00	53,401,100	0.00327500	\$ 174,888.60	\$ 304,640.60	272,455	\$ 1,554.29	
Seal Rocks	61	20.11%	\$ 662.00	\$ 40,382.00	48,985,000	0.00327500	\$ 160,425.88	\$ 200,807.88	803,033	\$ 3,291.93	
Coomba Park Rate											
	642	48.63%	\$ 580.00	\$ 372,360.00	59,507,330	0.00661000	\$ 393,343.45	\$ 765,703.45	92,691	\$ 1,192.68	
Residential	2,460	57.85%	\$ 724.00	\$ 1,781,040.00	479,814,900	0.00270500	\$ 1,297,899.30	\$ 3,078,939.30	195,047	\$ 1,251.60	
Residential (Rural)	2,029	42.53%	\$ 724.00	\$ 1,468,996.00	733,910,450	0.00270500	\$ 1,985,227.77	\$ 3,454,223.77	361,710	\$ 1,702.43	
Nabiac	256	49.34%	\$ 602.00	\$ 154,112.00	39,209,800	0.00403500	\$ 158,211.54	\$ 312,323.54	153,163	\$ 1,220.01	
Bulahdelah	498	49.49%	\$ 602.00	\$ 299,796.00	57,773,548	0.00529700	\$ 306,026.48	\$ 605,822.48	116,011	\$ 1,216.51	
Stroud	327	49.20%	\$ 602.00	\$ 196,854.00	54,438,290	0.00373300	\$ 203,218.14	\$ 400,072.14	166,478	\$ 1,223.46	
Residential Urban Rate											
Residential Taree	6,823	47.76%	\$ 611.00	\$ 4,168,853.00	903,065,350	0.00505000	\$ 4,560,480.02	\$ 8,729,333.02	132,356	\$ 1,279.40	
Residential Cundletown	717	41.24%	\$ 611.00	\$ 438,087.00	123,606,500	0.00505000	\$ 624,212.83	\$ 1,062,299.83	172,394	\$ 1,481.59	
Residential Wingham	2,140	50.54%	\$ 611.00	\$ 1,307,540.00	253,409,880	0.00505000	\$ 1,279,719.89	\$ 2,587,259.89	118,416	\$ 1,209.00	

Residential Village Rate												
Residential Hallidays Point	2,022	47.95%	\$ 611.00	\$ 1,235,442.00	457,640,000	0.00293000	\$ 1,340,885.20	\$ 2,576,327.20	226,330	\$ 1,274.15		
Residential Old Bar/Wallabi Pt	2,498	50.49%	\$ 611.00	\$ 1,526,278.00	510,740,500	0.00293000	\$ 1,496,469.67	\$ 3,022,747.67	204,460	\$ 1,210.07		
Residential Harrington/Crowdy	1,934	46.37%	\$ 611.00	\$ 1,181,674.00	466,456,600	0.00293000	\$ 1,366,717.84	\$ 2,548,391.84	241,187	\$ 1,317.68		
Residential Coopernook	170	64.54%	\$ 611.00	\$ 103,870.00	19,474,000	0.00293000	\$ 57,058.82	\$ 160,928.82	114,553	\$ 946.64		
Residential Croki	22	66.01%	\$ 611.00	\$ 13,442.00	2,362,600	0.00293000	\$ 6,922.42	\$ 20,364.42	107,391	\$ 925.66		
Residential Johns River	47	64.75%	\$ 611.00	\$ 28,717.00	5,335,400	0.00293000	\$ 15,632.72	\$ 44,349.72	113,519	\$ 943.61		
Residential Krambach	58	63.99%	\$ 611.00	\$ 35,438.00	6,807,400	0.00293000	\$ 19,945.68	\$ 55,383.68	117,369	\$ 954.89		
Residential Lansdowne	146	71.83%	\$ 611.00	\$ 89,206.00	11,939,900	0.00293000	\$ 34,983.91	\$ 124,189.91	81,780	\$ 850.62		
Residential Tinonee	350	59.73%	\$ 611.00	\$ 213,850.00	49,201,300	0.00293000	\$ 144,159.81	\$ 358,009.81	140,575	\$ 1,022.89		
				\$ -			\$ -	\$ -				
Residential Rural Estates Rate	841	42.38%	\$ 611.00	\$ 513,851.00	254,415,550	0.00274600	\$ 698,625.10	\$ 1,212,476.10	302,516	\$ 1,441.71		
Residential Rural Rate	4,366	43.17%	\$ 611.00	\$ 2,667,626.00	1,135,087,370	0.00309400	\$ 3,511,960.32	\$ 6,179,586.32	259,983	\$ 1,415.39		
Residential Rural	907	35.63%	\$ 619.50	\$ 561,886.50	204,767,590	0.00495800	\$ 1,015,237.71	\$ 1,577,124.21	225,764	\$ 1,738.84		
Residential Gloucester	1,175	44.41%	\$ 525.00	\$ 616,875.00	107,570,550	0.00717800	\$ 772,141.41	\$ 1,389,016.41	91,549	\$ 1,182.14		
Residential Village	216	45.00%	\$ 525.00	\$ 113,400.00	28,548,520	0.00485400	\$ 138,574.52	\$ 251,974.52	132,169	\$ 1,166.55		
Farmland	645	16.02%	\$ 619.50	\$ 399,577.50	467,045,800	0.00448500	\$ 2,094,700.41	\$ 2,494,277.91	724,102	\$ 3,867.10		
Farmland	1,521	35.11%	\$ 741.00	\$ 1,127,061.00	706,997,630	0.00294600	\$ 2,082,815.02	\$ 3,209,876.02	464,824	\$ 2,110.37		
Farmland	890	16.38%	\$ 387.00	\$ 344,430.00	550,837,820	0.00319100	\$ 1,757,723.48	\$ 2,102,153.48	618,919	\$ 2,361.97		
Farmland (Non Urban)	3,194	82.49%	\$ 387.00	\$ 1,236,078.00	82,226,840	0.00319100	\$ 262,385.85	\$ 1,498,463.85	25,744	\$ 469.15		
Business Sub Categories												
Business Forster	404	15.58%	\$ 763.00	\$ 308,252.00	177,260,827	0.00942400	\$ 1,670,506.03	\$ 1,978,758.03	438,764	\$ 4,897.92		
Business Tuncurry	215	15.86%	\$ 763.00	\$ 164,045.00	92,315,197	0.00942400	\$ 869,978.42	\$ 1,034,023.42	429,373	\$ 4,809.41		
Business Forster Council Admin	1	8.91%	\$ 763.00	\$ 763.00	5,500,000	0.00141800	\$ 7,799.00	\$ 8,562.00	5,500,000	\$ 8,562.00		
Business	430	29.98%	\$ 763.00	\$ 328,090.00	127,794,392	0.00599700	\$ 766,382.97	\$ 1,094,472.97	297,196	\$ 2,545.29		
Business Commercial/Industrial	243	25.49%	\$ 525.00	\$ 127,575.00	34,183,820	0.01090800	\$ 372,877.11	\$ 500,452.11	140,674	\$ 2,059.47		
Business Other	22	40.10%	\$ 525.00	\$ 11,550.00	3,505,050	0.00492200	\$ 17,251.86	\$ 28,801.86	159,320	\$ 1,309.18		
Business Town minimums	31	841	188,860	\$ 374.00	\$ 11,594.00	231,243,137	0.02194200	\$ 5,069,792.95	\$ 5,081,386.95	274,962	\$ 6,042.08	
Business Village minimums	65	189	769,560	\$ 374.00	\$ 24,310.00	54,859,760	0.00766300	\$ 414,493.20	\$ 438,803.20	290,263	\$ 2,321.71	
Business Rural minimums	96	333	1,313,415	\$ 374.00	\$ 35,904.00	49,935,185	0.00899600	\$ 437,401.44	\$ 473,305.44	149,956	\$ 1,421.34	
Mining (working Coal)	1	0.00%	\$ -	\$ -	25,700,000	0.01012100	\$ 260,109.70	\$ 260,109.70	25,700,000	\$ 260,109.70		
Mining (Other Gold)	1	0.00%	\$ -	\$ -	17,500	0.06280700	\$ 1,099.12	\$ 1,099.12	17,500	\$ 1,099.12		
Mining	4	4.20%	\$ 763.00	\$ 3,052.00	17,970,000	0.00387300	\$ 69,597.81	\$ 72,649.81	4,492,500	\$ 18,162.45		
Total all	54,972							\$ 84,330,283.39				