

Annual Operational Plan

Revenue Policy



**COBAR SHIRE
COUNCIL**
outback nsw

2014/2015

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Sale of Assets

The following assets have been nominated for sale in the 2014/2015 year:

- Plant and equipment in accordance with the asset replacement program;
- Light motor vehicles in accordance with lease back agreements;
- Miscellaneous plant and equipment surplus to Council needs;
- Western Precinct land for residential and business purposes;
- Pioneer Estate vacant land for residential purposes;
- Other vacant Council land classified as operational land and available for purchase.

Whilst land is being offered for sale, no sale value has been included in the budget due to the uncertainty of actually selling the land. Any proceeds from the sale of land and assets will be used to improve Council's current cash position.

Rates

In accordance with Section 514 Local Government Act 1993, 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

Council's rating structure for General Fund includes a combination of ad valorem, base amounts, and minimum rates. The following explains these different methods of levying rates.

Ad valorem is the levying of rates by multiplying land value by a rate in the dollar.

Base Amounts are a set charge for every assessment in the rating category plus an ad valorem amount.

Minimum Rates are used when there are large variations in property valuations in a category.

Farmland Ordinary

Includes any parcel of rateable land valued as one assessment and its dominant use is for farming which has significant and substantial and commercial purpose or character and is engaged in for the purpose of profit on a continuous or repetitive basis (whether or not a profit is actually made).

Residential

Includes any parcel of land valued as one assessment and:

- its dominant use is for residential accommodation; or
- if vacant land is zoned or otherwise designated for use for residential purpose under an environmental planning instrument; or

- it is rural residential land.

There are three sub-categories in the Residential Category.

Rural Residential applies to land with a dominant residential use located on the outskirts of Cobar or Villages with an area between 2 and 40 Hectares.

Residential Village applies to land which has a dominant residential use and is located within a village area.

Residential Ordinary applies to land with a dominant residential use in Cobar

Mining

Includes a parcel of rateable land valued as one assessment and its dominant use is for a metalliferous mine.

There are two sub-categories in the Mining Category.

Mining Ordinary applies to all land held or used for mining activities other than gold.

Mining Gold applies to all land held or used predominantly for gold mining.

Business

Includes land which cannot be categorised as farmland, mining or residential.

There are three sub-categories in the Business Category.

Business Cobar CBD applies to land in Cobar Zoned B2 Local Centre under Cobar Local Environmental Plan 2012 which cannot be categorised as farmland, mining or residential

Business Village applies to land in villages which cannot be categorised as farmland, mining or residential.

Business Ordinary applies to land in the Cobar Local Government Area, other than those categorised as Business Cobar CBD and Business Village, which cannot be categorised as farmland, mining or residential.



Schedule of Proposed General Rates and Categories for 2014/2015

| Rating Category (s514-518) | Name of sub-category | Number of Assessments | Ad Valorem Rate | Base Amount \$ | Minimum \$ | Number on Minimum | Land Value as at 1 July Current Year | Land Value of Land on Minimum | Current Year Notional Income Yield | Percentage Increase from 2013-2014 |
|----------------------------|----------------------|-----------------------|-----------------|----------------|------------|-------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Farmland | Ordinary | 403 | 0.396 | 302 | | | 125,573,325 | | 618,976 | 2.14 |
| Residential | Ordinary | 1,692 | 2.05 | | 475 | 446 | 45,337,740 | 8,768,620 | 961,517 | 2.18 |
| Residential | Rural | 86 | 1.65 | | 475 | 20 | 3,654,650 | 143,120 | 67,432 | 2.83 |
| Residential | Village | 265 | 19.75 | 112 | | | 212,060 | | 71,562 | 2.27 |
| Business | Ordinary | 206 | 1.9 | | 500 | 58 | 9,071,260 | 476,660 | 197,024 | 2.58 |
| Business | Cobar CBD | 87 | 3.45 | | 500 | 13 | 4,169,700 | 145,000 | 144,990 | 1.49 |
| Business | Village | 59 | 8.7 | 151 | | | 101,440 | | 17,734 | 2.09 |
| Mining | Gold | 21 | 4.76 | | 600 | 5 | 13,576,980 | 15,980 | 649,104 | 2.44 |
| Mining | Ordinary | 7 | 2.255 | | 600 | 1 | 39,240,800 | 9,000 | 885,277 | 2.5 |
| | | 2,826 | | | | | | | 3,613,616 | 2.3 |

Charges

The Local Government Act 1993 states that Council may charge and recover an approved fee for any service it provides including:

- Supply a service, product or commodity;
- Giving information;
- Providing a service in connection with the exercise of Council's regulatory function, including receiving an application for approval, granting an approval, making an inspection and issuing a certificate;
- Allowing admission to any building or enclosure (S608(2)).

Council may only charge fees listed or notified in the schedule.

Pricing Policy

In developing the schedule of Fees and Charges, Council has considered:

- the cost to Council in providing the service;
- price charged by others providing a similar service (entrepreneurial),
- the importance to the community of the service,
- the ability of members of the community to pay,
- whether the fee is subject to a limit set by legislation;
- whether the fee is reasonable.

Domestic Waste Service Charges

Our pricing policy in relation to Domestic Waste Services is set to recover the full cost of providing the services and no reduction of the annual charge will apply even if a service is not required or used.

We apply an annual charge for the provision of domestic waste management services on each parcel of rateable land in the Shire. There are four categories of charges: Cobar town occupied land, Cobar town unoccupied land, village land and rural land. The charges differ due to the service provided. The Cobar occupied land includes premises that, although categorised as 'business', receive domestic waste services.

The services differ for each type of rateable land. In Cobar town, the annual charge covers a weekly garbage collection and the management of the Cobar tip. A lower fee is charged for village blocks to cover the cost of managing the village tips. Village communities do not have access to kerbside garbage collection, however all tips in the Shire are unmanned and are free to use for residents and businesses. Rural landholders are not charged a domestic waste fee as they are not provided with a garbage service and do not have ready access to a tip.

Water Provision Charges

Water charges are set to cover the cost of providing water, using a dual-pricing system. An access charge (with differing rates for both residential and commercial properties) as well as a usage fee, per kilolitre, of water used, is applied. An incremental usage fee per property per annum is set to encourage users to conserve water. The more water used, the higher the unit rate charged.

Council applies a per kilolitre raw water unit charge for water that is not treated through Council's filtration plant. This rate is lower than the treated water rate. Council also has limited treated effluent water available, most of which is used on Council grounds or may be provided to a limited number of individual businesses, following agreement.

Residents in the villages do not pay water usage charges. They do not have access to potable water, but raw water is available, subject to the payment of a raw water access charge. Rural properties do not have any water charges.

Sewer Provision Charges

Council sets sewer charges on a cost recovery basis. An access charge applies to residential properties, with a differing access charge for commercial operations. A usage charge is charged for non-residential properties. However, there is no sewer network provided in the Cobar Industrial Estate.

Contributions and Plans

Section 94 and 94A of the Environmental Planning and Assessment Act 1979 enables Cobar Shire Council to impose contributions and levies for public infrastructure required as a consequence of development.

Council has adopted Cobar Local Infrastructure Contribution Plan 2012 which provides for the payment of contributions and levies towards local infrastructure.

Section 64 of the Local Government Act 1993 allows Council to levy contributions towards the provision of water and sewer infrastructure as a consequence of development. These contributions can be used to undertake a range of works to improve and extend the networks. Council has adopted Development Servicing Plans for Water and Sewerage 2013 for this purpose.

Borrowing

The provisions of the Local Government Act 1993 and the Local Government (General) Regulation 2005 govern Council's borrowings. Loans are secured over the General Rating Income of Council and funds are only borrowed from authorised financial institutions.

Council intends to borrow adequate funds to purchase the Crown Land portion of the Cobar Caravan Park to remove the need to pay Crown Lands an annual rental charge. It is anticipated that repayments will be made at a similar level to the annual rental charge.

Council, through the Water Fund, may need to borrow funds to complete the Water Treatment Plant project should committed funding be inadequate. This will become clear once the tender process has been completed.

Private Works Charges

See "Hire of Council Plant" in the Fees and Charges listing.

Capital Works Program

Refer to separate Budget document.



Version Control

| No. | Date Adopted | Minute No. | Date Commenced | Date notified in Local Paper |
|-----|--------------|------------|----------------|------------------------------|
| 1 | 26.6.2014 | 120.6.2014 | 26.6.2014 | N/A |
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