



Policy Owner: Director Corporate Support

Category: Statutory

Direction: 5. Our Civic Leadership

1. STATEMENT OF INTENT

- 1.1 The Policy outlines North Sydney Council's annual rating structure and approach to setting fees listed in the Schedule of Fees and Charges.
- 1.2 Council's rate revenue estimates for 2023/24 complies with the relevant provisions of the *Local Government Act 1993* (the Act) and the *Office of Local Government's Rating and Revenue Raising Manual*.

2. RATING STRUCTURE

Council has several revenue sources that generate income to deliver a wide range of services for the community. Rates and Annual Charges are Council's primary source of operating income, making up 57% of estimated own-source revenue for 2023/24. Rates are used to provide essential infrastructure and services such as roads, footpaths, parks, sporting fields, playgrounds, swimming pools, community centres, cycleways, public amenities and Stanton Library.

The Act says, Council's structure of a rate can only be:

- an 'ad valorem' amount i.e. at value (s.498), or
- a base amount to which an ad valorem amount is added (s.499), or
- a combination of 'ad valorem' amount and minimum amounts (s.548).

An ad valorem amount is set as a proportion of the Unimproved Land Value (UV) of the rateable property. The UV is the value of the property without any buildings, houses or other capital investments. The UV for rating purposes is determined by the New South Wales Valuer General. The rate in the dollar is to apply uniformly to the land value of all rateable land.

The Act requires that all rateable properties be categorised as one of four categories of ordinary rates:

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- Residential
 - Business
 - Farmland (not applicable in the North Sydney LGA)
 - Mining (not applicable in the North Sydney LGA)

Rates are applied to those properties categorised as either residential or business for rating purposes. Properties that are subject to a Mixed Development Apportionment Factor (MDAF) as supplied by the Valuer General are rated part Residential and part Business on the basis of that MDAF and are not categorised according to the dominant use of the property.

3. PROVISIONS

3.1 The following general guidelines apply to Council revenue:

- a) Council will endeavour to apply all revenue policies on an equitable basis
- b) the “user pays” principle will in general be the basis for the full recovery of costs
- c) fees and charges will take into account the movements in the CPI Index (Sydney)
- d) income earned from Council’s assets will be maximised, based on industry market rates
- e) as a minimum, Council will seek to recover the administrative costs in performing its statutory duties, and
- f) consideration will be given to those groups and/or members of the community, who are disadvantaged and may not otherwise be able to access the service. Generally, this will be reflected by discounting the fee or charge.

3.2 In summary, in 2023/24 Council will:

- a) increase total rates income by 3.7%, per the IPART “rate-peg” determination announced 29 September 2022.
- b) only use the current overdraft and credit card facilities (in cases of emergency) to a maximum of 180 days,
- c) allocate “bonus” income and any additional capital funds received in accordance with Council’s *Financial Management Policy*,
- d) disclose annually, the nature and value of subsidies and donations, and
- e) review the Long Term Financial Model in conjunction with the asset management models. Both are inherently uncertain and as such, will provide guidance in the long-term sourcing and allocation of funds, as articulated in Council’s *Resourcing Strategy*.

3.3 Rate pegging and special rate variations

The NSW Government introduced 'rate pegging' in 1977. Each year IPART approves a maximum percentage increase in the total income a council can receive from rates, known as the 'rate-peg'. The 'rate-peg' is set with reference to the IPART calculated Local Government Cost Index (LGCI). The LGCI analyses local government cost increases over the previous year. The 2023/24 LGCI is 3.5%. Starting in 2022/23 IPART introduced a population growth factor for each council. North Sydney's factor for 2023/24 is 0.0%. IPART allowed a further 0.2% for increases in superannuation guarantee payments. The total announced 2023/24 'rate-peg' for North Sydney is 3.7%.

3.4 Valuations

Rates are calculated on the land value of a property, multiplied by a 'rate in the dollar'. The land value is determined by the NSW Valuer General who issues a Notice of Valuation at least every four years. The *Valuation of Land Act 1916* requires that Council assess rates using the most recent values provided. For the 2023/24 rating year, the valuation base date is 1 July 2022.

3.5 Rating Structure

The proposed rating strategy for 2023/24 is as follows:

1.6.1 Ordinary Rates

	MINIMUM		AD VALOREM			TOTALS	%
	No	\$ Value	No	Cents in \$	\$ Value	\$ Value	
Residential (\$681.18 min)	28,519	19,426,572	8,326	0.057849	12,582,089	32,008,661	60
Business (\$681.18 min)	1,171	797,662	2,297	0.414775	20,541,515	21,339,177	40
TOTAL	26,690	20,224,234	10,623	-	33,123,604	53,347,838	

Rate payers that hold a current Pensioner Concession Card may be eligible to receive a rebate on rates for a property that is their sole or principal place of residence.

The rebate varies from one property to another and will be calculated at the time the application is made. The rebate for a full year from 1 July to 30 June will be based on 50% of the residential rate levy to a maximum of \$250. Pro rata rebates are available and will be calculated for each full quarter following the quarter in which the pensioner becomes eligible.

The total amount a ratepayer will pay in 2023/24 will depend on how each property is affected by the following factors:

a) **Infrastructure Levy**

This program was formulated to address funding gaps in maintenance of Council infrastructure. As part of Council's general rate, this levy is collected and restricted for infrastructure and maintenance. It consists of a base amount (50%) and an ad valorem amount (at value).

	BASE AMOUNT 50%		AD VALOREM			TOTALS
	No.	\$ Values	No.	Cents in \$	\$ Value	\$ Value
All rateable properties (base \$29.04)	40,313	1,170,690	40,313	0.002836	1,170,794	2,341,483

b) **Environment Levy**

All rateable properties within the North Sydney LGA are charged the Environment Levy. Levy funds are used to implement Council's *Bushland and Fauna Rehabilitation Plans, Street Tree Strategy, Water Management Plan and Greenhouse Action Plan* as detailed in the approved program of works (articulated in the *Delivery Program*). As part of Council's general rate, this levy is collected and restricted for environmental projects. It consists of a base amount (50%) and an ad valorem amount (at value).

	BASE AMOUNT 50%		AD VALOREM			TOTALS
	No.	\$ Values	No.	Cents in \$	\$ Value	\$ Value
All rateable properties (base \$32.59)	40,313	1,313,801	40,313	0.003183	1,314,050	2,627,850

c) **Mainstreet Levies**

Two Mainstreet Levies apply to business ratepayers in designated areas within the North Sydney LGA - refer to maps (Attachments 1 and 2).

- i) **Crows Nest Mainstreet Levy** - was established to fund streetscape works within the Crows Nest business area. As part of Council's general rate, this levy is collected and restricted for streetscape works. It consists of a base amount (30%) and an ad valorem amount (at value). Refer to Attachment 1 for the map showing the boundaries of the applicable area of the approved Crows Nest Mainstreet Levy.

	BASE AMOUNT 30%		AD VALOREM			TOTALS
	No.	\$ Values	No.	Cents in \$	\$ Value	\$ Value
Business properties (base \$120.16)	744	89,399	744	0.018878	208,600	297,999

- ii) **Neutral Bay Mainstreet Levy** - Established to fund streetscape works within the Neutral Bay business area. As part of Council's general rate this levy is collected and restricted for streetscape

works. It consists of a base amount (30%) and an ad valorem amount (at value). Refer to Attachment 2 for the map showing the boundaries of the applicable area of the approved Neutral Bay Mainstreet Levy.

	BASE AMOUNT 30%		AD VALOREM			TOTALS
	No.	\$ Values	No.	Cents in \$	\$ Value	\$ Value
Business properties (base \$133.63)	449	60,000	449	0.026834	140,000	200,000

- d) **Domestic Waste Management Charge (DWMC)** - The DWMC charge funds Council's waste and recycling service (red and yellow bins and free clean-up services). The DWMC for 2023/24 is as detailed in the following table:

Category	Amount (\$)	Change from 2022/23 (\$)
60 Litre (SEC 496 LGA) Council Approved ONLY	446	22
60 or 80 Litre (SEC 496 LGA) PENSIONER	223	11
80 Litre (SEC 496 LGA)	446	22
120 Litre (SEC 502 LGA)	743	36
240 Litre (SEC 502 LGA)	1305	63
Service Availability charge	63	3

Rate payers that hold a current Pensioner Concession Card may be eligible to receive a rebate for property that is their sole or principal place of residence.

The rebate for a full year from 1 July to 30 June will be based on 50% of the standard charge for an 80-litre bin annual pick-up service. The eligible pensioner charge for 2023/24 is \$232 (an increase of \$11 compared to 2022/23).

1.6.2 Other specific rating issues

- a) Council will, upon registration of a new strata plan or deposited plan, re-rate the property(s) from the date of registration.
- b) Aggregation of rates in accordance with s.548A will apply in the following situations - for all lots categorised as Residential or Business for rating purposes, one separately titled car space and one separately titled utility lot that are in the same ownership as the residential or business lot and are within the same building or strata plan. All aggregations will only apply from the commencement of the quarter following the lodgement of the application with Council. An application fee is applicable to all applications for aggregation.
- c) At the end of each month all rate balances will be written off up to a maximum of \$5.00 per assessment and the resulting abandonments shall be incorporated in Council's final accounts.

3.6 Stormwater Management Charge

Council is responsible for managing stormwater across the North Sydney Local Government Area. This involves the management and maintenance of over 101km of pipes, many of which were installed in the early 1900s when suburbs were first established. Some of these are now coming to the end of their useful life.

Since 2006, Council has been proactively investigating the condition of the pipe network with CCTV. 13km of the networks is in a condition that needs replacing. The replacement of these poor-condition pipes will cost about \$24 million. To help fund this work, Council introduced a Stormwater Management Charge (SWMC) from 1 July 2014.

The charge will be between \$5.00 and \$25.00 per year depending on the category of the property for rating purposes. The following table outlines the charge structure as specified by the *Local Government Act NSW 1993* and regulations:

Rating Category	Annual Charge
Residential (Maximum)	\$25.00
Residential Strata Plan or Company Title (Maximum)	\$12.50
Business (Capped)	\$25.00
Business Strata Plan or Company Title (Capped)	\$5.00

The charge will be applied to the stormwater management program of works and will provide approximately \$578,000 funding towards that program.

3.7 Interest

Council will adopt the maximum rate applicable each year for outstanding rates and DWMC in accordance with s.566(3) of the Act and Council's *Financial Management Policy*.

3.8 Goods and Services provided by Council

Goods and services supplied by Council are classification based on the following criteria:

- a) preference will be given to firstly to people living within the North Sydney LGA; then to people or groups working within the North Sydney LGA, and then on a "first come first served basis",
- b) Council must be able to supply that good or service in a cost effective manner, and
- c) the supply of that good or service could be refused if that person or group was not the intended "target" of that good or service.

Users and consumers of Council's facilities and services can either be located within (local) or outside the LGA (non-local), and/or have a status of being either permanent (12 or more uses per annum) or casual (less than 12 uses per annum).

Council's different types or classes of users are classified as follows:

Classification	Type
1. Ratepayers (including pensioners)	1.1 Residential 1.2 Business
2. Residents (including pensioners)	2.1 Ratepayers 2.2 Non-Ratepayers
3. Non-profit Organisations or Groups	3.1 Pre-school (government funded) 3.2 Primary school (government/public) 3.3 Secondary school (government) 3.4 Further education providers e.g. colleges (government) 3.5 Sporting clubs 3.6 Community groups 3.7 Other clubs or groups
4. Profit oriented groups	4.1 Pre-school (private) 4.2 Primary school (private) 4.3 Secondary school (private) 4.4 Further education providers (private) 4.5 Commercial sporting clubs 4.6 Other commercial clubs or groups
5. Other	5.1 Visitors 5.2 Others

Council's annual *Fees and Charges Schedule* lists all adopted fees.

3.9 Financial Hardship

Council's *Financial Hardship Policy* complies with s.601 of the Act and covers situations where residential ratepayers believe that they have suffered financial hardship by way of Council utilising a General Revaluation for rating purposes for the first time i.e. hardship caused by the use of new valuations. The Policy is available from Council's website.

3.10 Goods or Service Classes

Classification/Types	Discounts Apply
1. Information/Advice	Yes
2. Halls, Parks and Reserves – Hire	Yes
3. Swimming Pools	Yes
4. Family Day Care	Yes
7. North Sydney Oval Function Centre	Yes
8. Regulatory Functions (including fines)	No
9. Parking	
- On street	No
- Off street (based on availability)	Yes

4. RESPONSIBILITY/ACCOUNTABILITY

- 4.1 Council's Manager Financial Services will review this Policy every year or as required by Council or senior management.

5. ADDITIONAL INFORMATION

The following table indicates where additional information relating to this Policy can be found:

Information	Source
Detailed estimate of Council's income and expenditure	Delivery Program/Operational Plan
Statement indicating each ordinary rate to be levied	Delivery Program/Operational Plan
Statement indicating each proposed fee or charge	Fees and Charges Schedule
Amounts of any proposed borrowings	Resourcing Strategy - Long Term Financial Plan Financial Management Policy

Version	Date Approved	Approved by	Resolution No.	Review Date
1	26 June 2023	Council	190	2024/25

ATTACHMENT 1: BOUNDARY MAP - CROWS NEST MAINSTREET LEVY



ATTACHMENT 2: BOUNDARY MAP - NEUTRAL BAY MAINSTREET LEVY

