



RATES STRUCTURE REVIEW COMMUNITY REFERENCE PANEL

Kate Monaghan
Director Corporate Services

Ricky Tozer
Manager Workplace and Performance

qprc.nsw.gov.au

Agenda

- Background and requirements
- Methodology
- Constraints / Local Government Act
- Revenue Policy Principles
- Levers Available to Council
- Review current structure
- Rate structure options

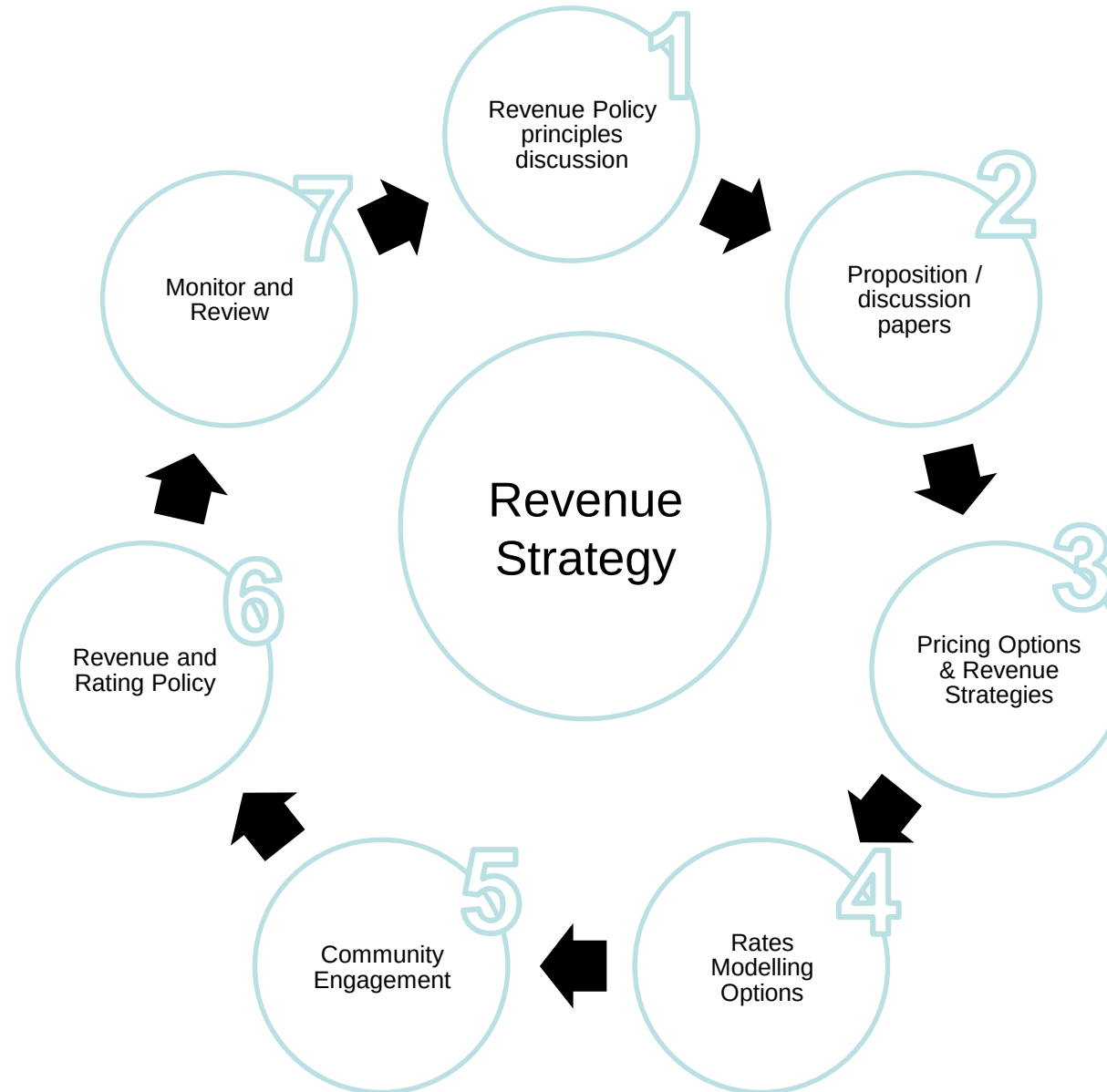
Objectives

- Develop an equitable rating structure that distributes the rates burden fairly across QPRC so as to provide sufficient funds to carry out the services prioritised by the community
- Recommend a rate structure to Council

Background

- The QPRC rates structure was first adopted 5 years ago
- Council considered detailed rates modelling for 6 different options and shortlisted 2 preferred options
- A community reference panel reviewed the options and made recommendations to Council
- Since then there has also been an SRV of 18% x 3 years
- Council has asked for a new panel to test the rate structure

Methodology



Local Government Act 1993

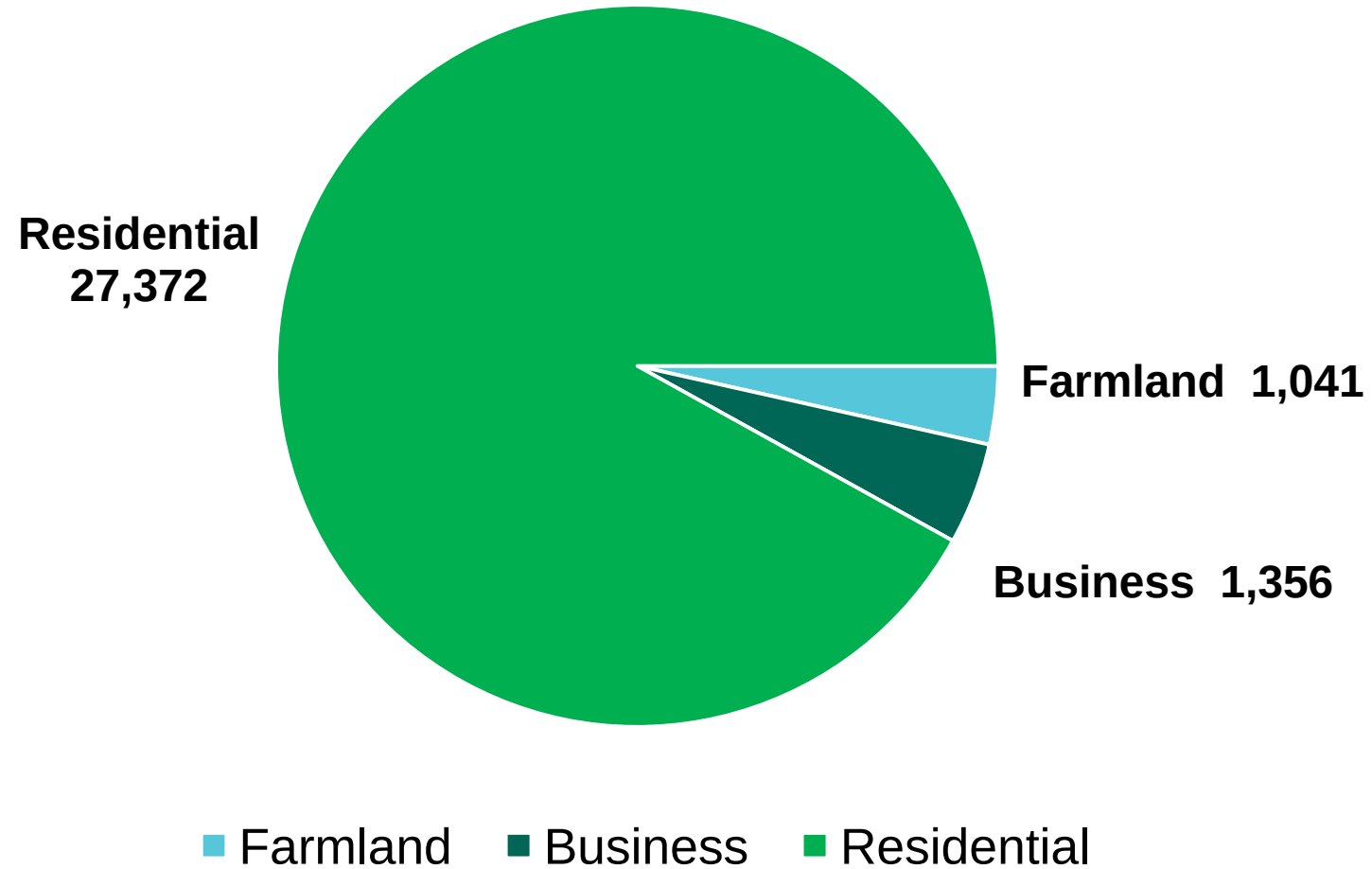
- Total rates income is capped by the State Government (via IPART)
- Rates may consist of:
 - An ad valorem component (may have a minimum)
 - A base amount and an ad valorem component
- The fixed amounts of a rate help to smooth the distribution
- The ad valorem is calculated with reference to the unimproved land value

Rates Categories and Subcategories

Residential	According to whether the land is rural residential According to centre of population Significant differences in relation to access or demand for services and infrastructure The maximum difference between the highest and average ad valorem and base is 50%
Business	According to centre of activity
Farmland	According to intensity of land use Economic factors affecting irrigability of land Geographic location
Mining	The kind of mine

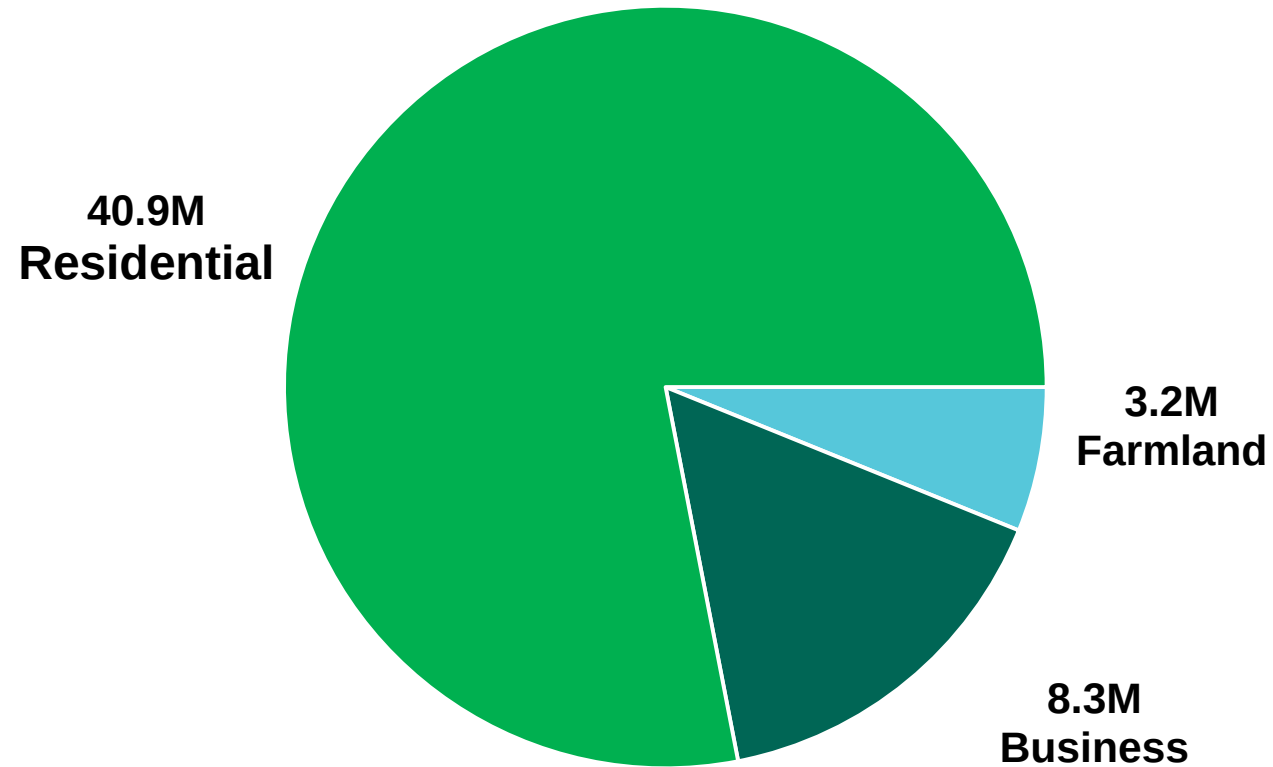
QPRC Rate Structure

Number of Assessments



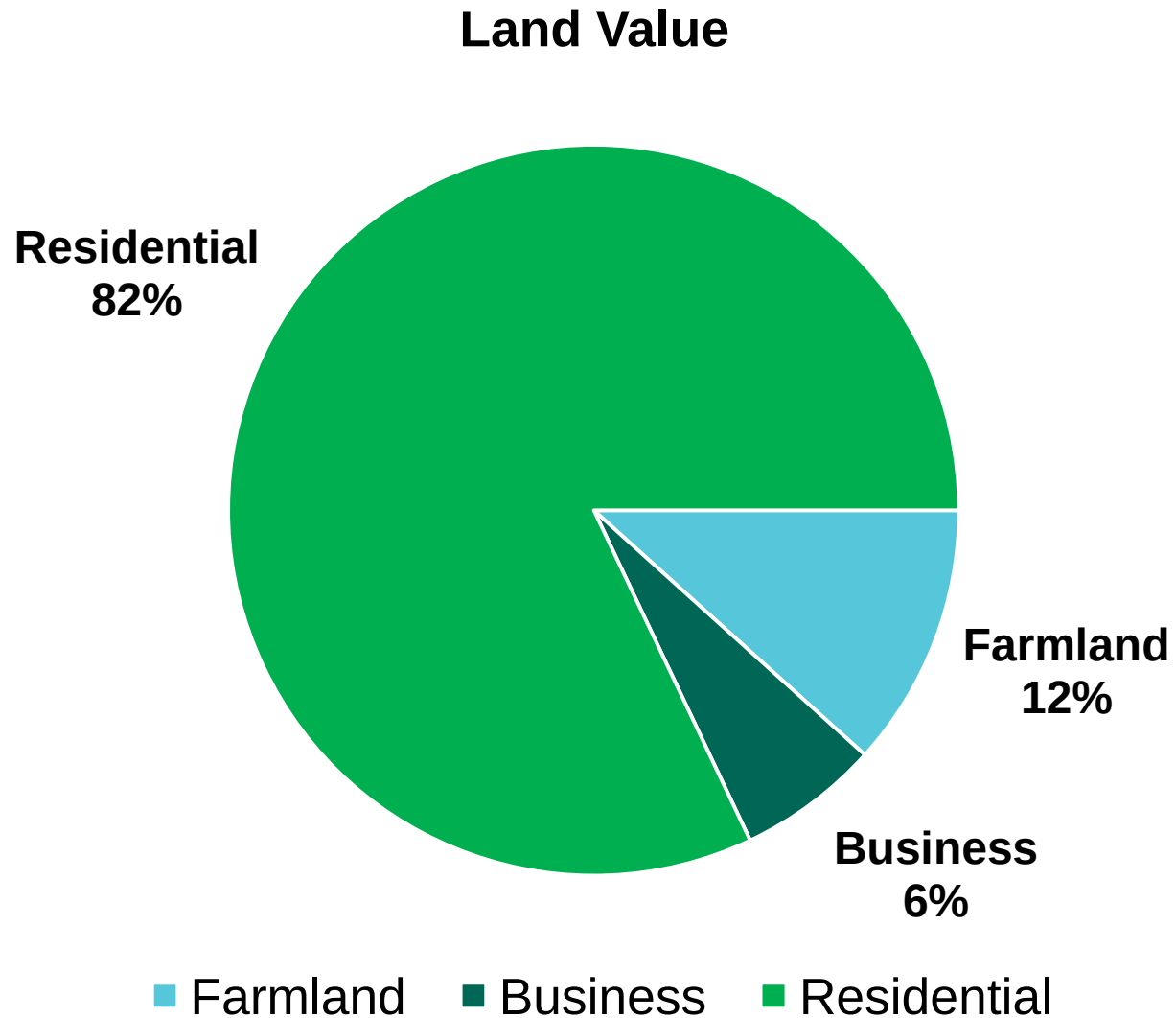
QPRC Rate Structure

Rate Revenue



■ Farmland ■ Business ■ Residential

QPRC Rate Structure



Revenue Policy Principles

Drivers

- Financial Sustainability - adequate funding for infrastructure and services
- The mix of rates revenue and other sources of revenue to fund service delivery

Principles

- Equity – Balance - Service benefit principle v capacity to pay principle
- Simplicity principle
- Efficiency principle
- Policy consistency
- Public vs private good

Levers available to Council

In setting its rating principles, Council needs to decide:

- The split between Farmland, Residential, Business and Mining
- Determining more or less subcategories:
 - Differentiate level of rates paid
 - Consider affordability or service level
 - Base structure or Ad valorem + Minimum structure
 - Higher or lower Base (max 50%)
 - Special rates for works / services that benefit rateable properties
 - Assess / change revenue streams
 - Pensioner rebates and Debt Recovery Policy

Current Rate Structure

Principles:

- Sub-categorisation for local communities with unique characteristics and different public infrastructure and Council services
- The base amount should be enough to cover the cost of services and operations
- The ad valorem amount should be enough to cover the cost of infrastructure

In this way, all assessments pay an equitable share for the cost of infrastructure based on their land value and the base charge is used to set a pricing difference for the type, quality and scope of services provided in those localities

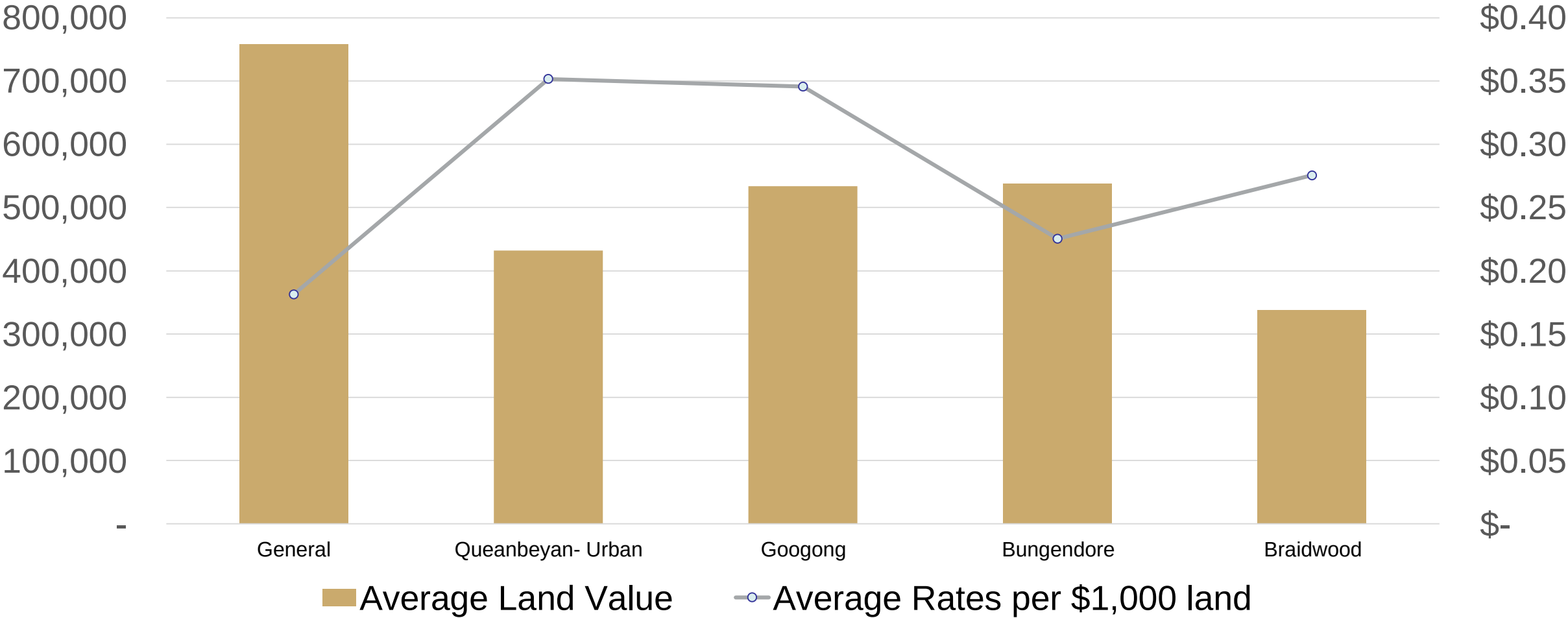
Figure 2: 2022-23 Base and Ad Valorem Rates

Rate category and sub-category	Number of Assessments	Ad Valorem Rate (cents)	Base Amount	% base	Land Value	2023-24 estimated income	% Revenue	Average Rate
Residential								
Queanbeyan Urban	15,696	0.234660	\$ 505	33%	6,742,711,880	23,748,928	48.00%	\$ 1,513
Googong	3,065	0.234660	\$ 592	32%	1,612,074,647	5,597,374	10.95%	\$ 1,826
Bungendore	1,574	0.140320	\$ 457	38%	853,902,901	1,917,515	3.75%	\$ 1,218
Braidwood	760	0.140320	\$ 457	49%	258,538,399	710,101	1.39%	\$ 934
General	5,612	0.121110	\$ 457	33%	4,270,515,010	7,736,705	15.13%	\$ 1,379
Business								
CBD	145	1.022190	\$ 814	6%	186,773,820	2,027,213	4.13%	\$ 13,981
Googong	26	1.022190	\$ 814	14%	13,074,021	154,805	0.17%	\$ 5,954
Poplars Business Park	12	1.022190	\$ 814	2%	37,577,300	393,879	0.72%	\$ 32,823
Queanbeyan Urban	123	1.067910	\$ 555	5%	132,225,670	1,480,316	2.99%	\$ 12,035
Industrial	792	0.606080	\$ 555	12%	554,704,901	3,801,515	7.81%	\$ 4,800
General	259	0.123890	\$ 505	42%	144,236,876	309,490	0.26%	\$ 1,195
Farmland	1,044	0.088370	\$ 1,382	45%	2,025,547,380	3,232,784	6.50%	\$ 3,097
Mining	1	0.399300	\$ 1,357	5%	6,900,000	28,909	0.06%	\$ 28,909
	29,109				16,838,782,805	51,139,535	100%	

Current Rate Structure



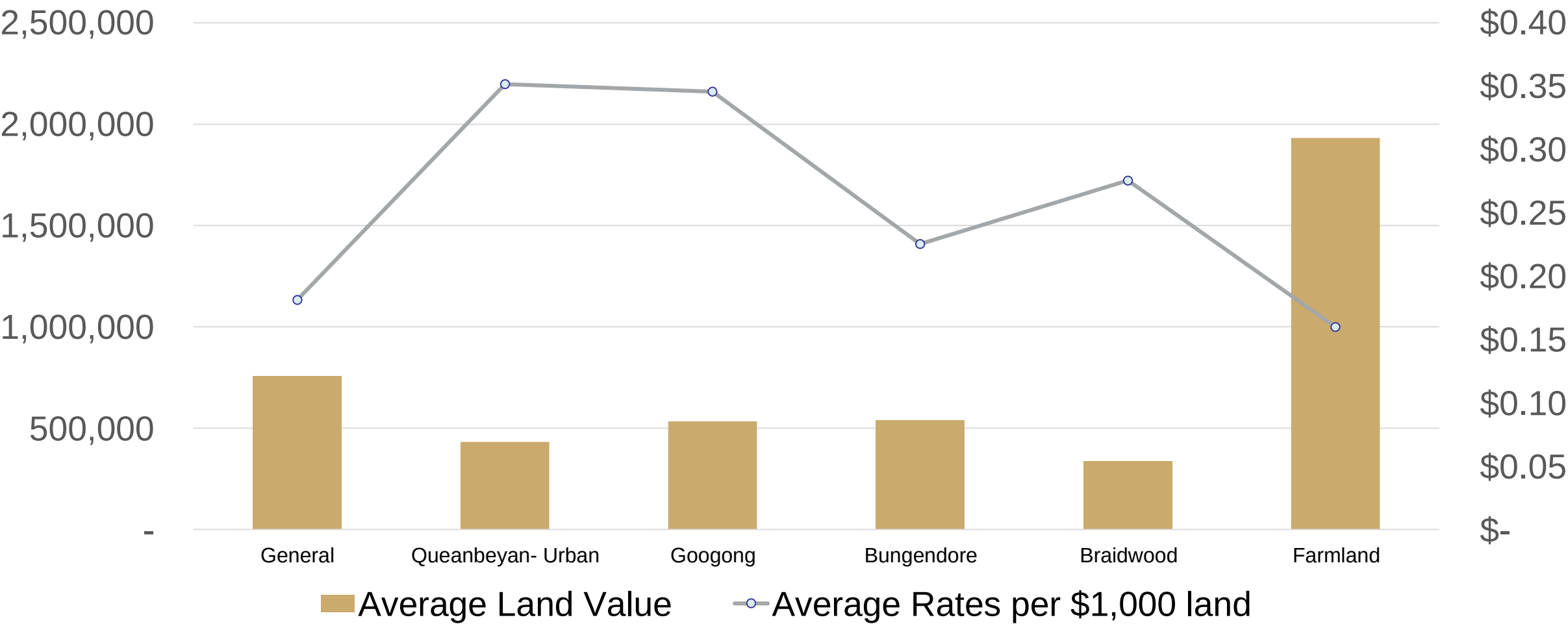
Residential Rates Comparison



Current Rate Structure



Residential and Farmland Rates Comparison



Rate Structure Options

- Detailed modelling of rating structure options from Council rates data
- Analysis of ratepayer impact – any change from current structure
- Model output summarised by area

Key Questions

- What subcategories should we keep to create an equitable rating structure?
 - Towns separate?
 - Googong and Jerrabomberra?
- Are the principles right:
 - ad valorem pays for infrastructure and;
 - base pays for cost of services
- Base and ad valorem amounts still equitable?
- More analysis on rates benefit?

Next Steps

- Completing a series of these briefing sessions with all the panel members over the next fortnight
- Information and reports via email
 - Comparing initial structure options / changes requested by the panel
 - Capacity to pay report
 - Council service statements: what should ratepayers fund?
- Combined Workshop 2: 5.30pm 29th April 2024, Bungendore – does the place and date work for most people?
 - Pricing policy review
 - Workshop detailed options