

Mayor gives rating group report 10/10

Mayor Bill Shannon has acknowledged the "very good work done" by the Cassowary Coast Regional Council Rating and Reference Group.

The voluntary group was appointed by the Council to provide a report on preferred options for the General Rating and Pensioner Rate Remission policies for the CCRC.

A detailed analysis of the report is on page 10; however one of the biggest issues addressed was the existing differences in Categories inherited from the former Cardwell and Johnstone Shires when they were amalgamated last year.

The end result was 36 Rating Categories, which the group recommends should be reduced to 19.

A key recommendation is that by the end of the current Council's term in 2012 the rating structure should cease to recognise the separate areas prior to amalgamation.

The group has also recommended the retention of the current Pensioner Rate Remissions.

If Council was to adopt the 10 recommendations contained in the report (all passed unanimously by the group) then there would be some added financial pain for some rate payers.

Some rate payers have already been hit with significant increases in this current financial year, particularly those in the Commercial categories with increases up to 60 per cent.

The group was sensitive to any dramatic increase in rates in the former Cardwell Shire and although it was not a recommendation (being outside the group's terms of reference to do so) it was unanimous in suggesting increased rates raised in the "south" should be spent in the south.

The group's report was presented at last week's Council meeting by facilitator, Peter Kromoloff, the former Rates

"I want to acknowledge the very good work done by the group," Mayor Shannon said.

"It is impressive what intelligent people sitting around a table and discussing matters rationally can achieve."

"I for one support the recommendations 10 out of 10 and commend you (Kromoloff) and your group."

Mr Kromoloff said it had been a privilege to work with the group.

"From Day One they were very sensible in their discussions," he said.

"They all realised the onerous task given them and it was just amazing how it all went."

"The only negative was that it was rushed. We only had four meetings and it was a big ask to complete the task."

"The biggest issue was the old problem of the 'north' and 'south' - the old shires. The group recognised the need for restructure and they realised that would produce some pain for everyone, both north and south."

Towards the end of the meeting Mr Kromoloff added the group had used a lot of common sense.

"It was all good thinking and it did not come from me."

ADOPT THE RECOMMENDATIONS

Mr Kromoloff's advice was for Council to adopt the report and its recommendations.

Councillor Mark Nolan asked what the group had done about rock walls, specifically at Flying Fish Point, to which Mr Kromoloff replied the group had made no recommendation about special rates for individual projects.

"But if a special group benefits from a specific thing then they can pay for it," he said.

Come back anytime



THE SCOOP: Mike Morrison with Jenny and Graeme Pullen from Marysville read all the news in the *Tully Times*, which included a report on the visit to Mission Beach by a group from Marysville. The town was one of many devastated by bushfires earlier this year and many generous people in the Cassowary Coast combined to offer them a break in the Far North.

A personal view from a Rating Reference Group member

JOHN HUGHES

The report is in and it is now up to the Cassowary Coast Regional Council whether it will adopt in whole or part, or reject, the recommendations made by the Rating Reference Group.

Mayor Bill Shannon, for one, indicated he could support all 10 recommendations, although the feelings of other councillors remained unknown when the report was presented at last Thursday's Council meeting.

And from the comments and questions by a couple of the councillors they did not know or had forgotten the limits (placed by Council) within which the group had to operate.

Council either directly asked or selected members of the public from across the region to be part of the voluntary group, which was tasked with providing a report on preferred options for the General Rates and Pensioner Remission Policies for the CCRC.

Thirteen people were appointed to the group, and the four meetings held were facilitated by former Cardwell Shire Council Rates Clerk, Peter Kromoloff, with technical assistance from present CCRC Co-ordinator Rates and Customer Service, Joelene Gravagna.

At the end of the meetings the group came up with a list of 10 recommendations (see separate section for details), possibly the most significant being that by the end of the life of the current Council (in 2012) that the rating structure will be unified across the region.

Plainly put, there will

be no distinction between the former Cardwell and Johnstone Shires – no distinction between “north” and “south”.

Council has a model, if it so chooses, to reduce the present 36 Rating Categories to a more manageable 19 categories.

Some of those reductions can be made almost immediately, while others would be phased in during the present term of Council. This is one concession by the group to lessen the impact of rates increases, specifically in the “south”.

However the group found out, and so should everyone else in the region, it was never a simple matter of increasing rates in the south until they matched those in the north.

The models presented by Mr Kromoloff and Mrs Gravagna showed adjustments would not be uniform – some rates in the north will go up, while some in the south will go down.

The changing nature of the Cassowary Coast was another key to the deliberations.

It was acknowledged the region was increasingly residential as opposed to rural (agricultural) and it was time to increase the percentage of the rates pie to be paid by the former (Recommendation 8).

A great deal of discussion was had before agreement was reached about reforming the agricultural categories.

At present the north has one general category, while the south has separate categories for general farming and grazing.

There is also a separate category for forestry.

Representatives for bananas, sugar, grazing and forestry were all on the group, although the latter did not attend a meeting.

Recommendation 9 included amalgamating the first three categories into one by 2012 and that a separate Forestry category be maintained with its rate set initially at 30 per cent above the southern General Farming rate.

That could be a contentious issue for some councillors.

Mr Kromoloff was asked during the Council meeting whether that recommendation was acceptable to the forestry industry, to which he replied yes.

REASSURANCE

Pensioners can be reassured by the group's recommendation that Council retain the existing level of support for them (Recommendation 10).

Council, and possibly some officers, might be uncomfortable with Recommendations 1 and 4.

The first asks Council to ensure all funds are expended in accordance with best practice methods and any established benchmarks for such expenditure – effectively that Council does the best with what it has.

The second is that Council quantify the level of a minimum rate – that is, put a price on the cost of the basic services it provides to ratepayers.

Some councillors are known to want an increase in the minimum residential rate (for one).

Councils always encounter opposition to rate increases and the group

wants it to justify those increases.

Again, the situation is more complicated than that.

Everyone knows the massive infrastructure problems inherited by the CCRC, most of it in the former Johnstone Shire.

The financial position of the CCRC is, at best, “delicate”.

The obvious and accepted position is Council does not have the money to do all the work required of it; it will always require financial assistance from the other two levels of government to do even a part of all the work.

RESTRICTIONS

The Rating Group also worked under the restriction that it design a model that works with an annual rates income of \$27.5 million.

That figure is already out of date and, indeed, much of the data used in creating models was also 12 months or more old.

The bottom line for Council is the Rating Group worked within the limitations set on it – that is, that any recommendations would be revenue neutral (\$27.5 million), that the current level of services be maintained, that utility charges not be included, and that any rating structure be fair and equitable to all ratepayers and be as administratively efficient as possible.

Writing personally, the group has come up with a plan for a fixed rate base of \$27.5 million.

It did so with a great deal of good will and every intention of making the model as fair and equita-

ble as it could, and it most definitely set out to make its recommendations and models administratively efficient.

Realistically it is up to Council and its officers to at least maintain the current level of services.

If it adheres to the recommendations then it is well on the way to achieving that.

Having spoken to other group members, it is clear we would be disappointed if the amount of time and effort put into this work was not adopted.

The group set out from different starting points and arrived at a common destination.

The question was put during the meetings about why we were asked to do a job that should have been done by Council.

Everyone can draw their own conclusions about that.

It was also put to the group, individually and collectively, that we were doing the “dirty work” for Council.

Some people would conclude that is the case.

And all members of the group are prepared to cop criticism about the recommendations.

An observation was also made that if another group was formed and given the same task it would come up with a different set of recommendations.

But Council asked this group to do a job and the group has done so, voluntarily and freely.

It was a pleasure to work with the group and I would happily do so again in the future.

Right Council, what would you like us to sort out next?

Rating reference group recommendations and categories now and in the future (possibly)

The Rating Reference Group has recommended a significant reduction in the number of Rates Categories.

When the Cardwell and Johnstone Shires were amalgamated the existing Rates Categories, north and south, were retained.

Such a system was not sustainable either in the short or long terms.

As one example, at present there are 11 Residential Categories, five in the north and six in the south.

Categories 1 (north) and 6 (south) match up in that they are for land with an unimproved valuation up to \$40,000 but none of the other categories match north to south.

AS IT IS IN 2009

The current categories are (by unimproved valuation of the land where applicable):

Residential Northern (former Johnstone Shire) Region

Category 1: 0 to \$40,000

Category 2: \$40,000 to \$100,000

Category 3: \$100,000 to \$250,000

Category 4: \$250,000 to \$500,000

Category 5: over \$500,000

Residential Southern (former Cardwell Shire) Region

Category 6: 0 to \$40,000

Category 7: \$40,000 to \$80,000

Category 8: \$80,000 to \$160,000

Category 9: \$160,000 to \$320,000

Category 10: \$320,000 to \$640,000

Category 11: over \$640,000

Residential – multi-units (flats) Northern Region

Category 12: 0 to \$100,000

Category 13: \$100,000 to \$300,000

Category 14: over \$300,000

Residential – multi-units (flats) Southern Region

Category 15: 0 to \$100,000

Category 16: \$100,000 to \$300,000

Category 17: over \$300,000

Rural

Category 18: Northern – primary production

Category 19: Southern – general farming

Category 20: Southern - grazing

Category 21: Southern - forestry

Commercial North

Category 22: 0 to \$350,000

Category 23: over \$350,000

Commercial south

Category 24: 0 to \$350,000

Category 25: over \$350,000

Industrial North

Category 26: 0 to \$100,000

Category 27: \$100,000 to \$300,000

Category 28: over \$300,000

Industrial South

And of course Categories 1 and 6 currently have differing rates – 2.3086 cents in the dollar for the former and 2.6806 cents in the dollar for the latter.

Some categories already have common banding north and south but again with differing rates that will be unified by 2012 if the group's recommendations are adopted.

Some categories are already common across the region.

While the group has recommended a reduction in categories it has also recommended the creation of a new and separate Category for Ports – that is, Mourilyan Harbour (currently included in an Industrial category).

Category 29: 0 to \$100,000

Category 30: \$100,000 to \$300,000

Category 31: over \$300,000

Category 32: Major Shopping Centres

Category 33: Island Resorts

Sugar Mills

Category 34: 0 to \$600,000 (South Johnstone, Mourilyan and Goondi)

Category 35: over \$600,000 (Tully)

Category 36: All Other

AS IT COULD BE IN 2012

Residential

Category 1: 0 to \$40,000

Category 2: \$40,000 to \$100,000

Category 3: \$100,000 to \$180,000

Category 4: \$180,000 to \$320,000

Category 5: \$320,000 to \$500,000

Category 6: over \$500,000

Residential – multi-units (flats)

Category 7: 0 to \$300,000

Category 8: over \$300,000

Rural

Category 9: General Farming

Category 10: Forestry

Commercial

Category 11: 0 to \$350,000

Category 12: over \$350,000

(This could be reduced to one Category)

Category 13: Industrial

Category 14: Ports

Category 15: Major Shopping Centres

Category 16: Island Resorts

Sugar Mills

Category 17: 0 to \$600,000

Category 18: over \$600,000

Category 19: All Other

RECOMMENDATION 1

That CCRC ensures all funds are expended in accordance with best practice methods and any established benchmarks for such expenditure.

That CCRC identifies and implements any "economies of scale" benefits following the amalgamation.

...
RECOMMENDATION 2

That Council maintain a system of Differential General Rating, with separate sectors for Residential land up to five hectares, Flat Buildings, Farming Land, Commercial Land, Industrial Land, Large Shopping Centres, Sugar Mills, Island Resorts, Ports Corporation and the balance.

...
RECOMMENDATION 3

That land up to five hectares in size and valued in accordance with Section 25 of the Valuation of Land Act 1944 be included in the Residential categories and also be included in the appropriate valuation band after deduction of the 40 per cent developers' privilege.

...
RECOMMENDATION 4

That Council make some attempt to quantify the level of a minimum rate.

Accepted that some, or even many, of the inputs could be subjective but this could produce an outcome that better identifies the "cost" a basic, say, residential, property incurs and enable those ratepayers impacted to be more suitably informed and a more accurate rate put in place.

...
RECOMMENDATION 5

The minimum rate for land in categories for Flat Buildings, Commercial Land, Industrial Land and Other (generally land larger than five hectares and not farming) be one and one half (1½) times the basic minimum rate established for Residential land.

...
RECOMMENDATION 6

That by the end of the life of the present Council the rating structure should cease to recognise the separate areas prior to amalgamation.

That, generally, parcels of land of the same use and unimproved valuation, wherever they are located in the Region, will be similarly categorised and rated.

...

RECOMMENDATION 7

The Separate Charges that are used to defray costs incurred by waste management, cleansing, planning and environmental services, viz. Environmental Levy and Waste Management Charge, be removed when the "life" of the Separate Charges ends (2012) and added to the appropriate Utility Charges.

Where not directly relevant to a Utility Charge either increase the General Rate or establish an appropriate Separate Charge.

Roads Levy to be retained and extended to all CCRC with a contra reduction in General Rate.

...
RECOMMENDATION 8

That the share of revenue contributed by the Residential and Flat Building groups of categories be increased from the present (approximately) 50 per cent to 52 per cent with the increased revenue to be applied to a reduction of the contribution by the Farming group of categories from (approximately) 33 per cent to 31 per cent.

...
RECOMMENDATION 9

That properties in existing categories numbered 1 to 11 (Residential) be recategorised such that all this land would be included in valuation bands described in existing categories 6 to 11 (together with land subject to Section 25 of Valuation of Land Act 1944 - recommendation 3).

That Flat Buildings be categorised by only two valuation bands, viz. up to \$300,000 and greater than \$300,000.

That rates on existing categories 18, 19 and 20 be moved over the next three budgets so that there is only need for one category in the 2011/2012 year and that the Forestry category be set at 30 per cent above "southern" General Farming rate.

That, similarly to Farming, the Commercial categories be retained as at present and that rates move over the next three budgets so that there is only need for one, or perhaps two categories in the 2011/2012 year.

That the Ports Corporation be removed from Industrial categories and be separately categorised and that the balance of Industrial properties be included in just one category.

...
RECOMMENDATION 10

That Council retain the existing level of support for pensioner ratepayers.