

12th July, 2002

EXTRAORDINARY COUNCIL MEETING

NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY COUNCIL MEETING OF THE COUNCIL OF THE CITY OF RANDWICK WILL BE HELD IN THE COUNCIL CHAMBER, TOWN HALL, 90 AVOCA STREET, RANDWICK, ON TUESDAY, 16TH JULY, 2002 AT 6:00 P.M.

- 1 Council Prayer
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INFORMATION SERVICES' REPORT 25/2002 –
AGGREGATION OF VALUATIONS.
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GENERAL MANAGER



GENERAL MANAGER'S REPORT 12/2002

SUBJECT:	2002/05 MANAGEMENT PLAN
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DATE:	11 July, 2002	FILE NO:	98/S/0555, 98/S/4423
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REPORT BY: GENERAL MANAGER

INTRODUCTION:

Council at its Extraordinary Meeting held on 18 June 2002, adopted the Management Plan for 2002/05, and the Budget for 2002/03.

Council also resolved to seek the Minister's approval for a 9.3% increase in General Income, and that a further report be submitted if a revised rating structure was required.

ISSUES:

The Minister has responded, and has given approval for Council to increase its general income by 8.3% for 2002/03. The approved increase comprises:

	\$	%
2001/2002 Notional General income	35,155,267	
02/03 General variation	1,160,124	3.3%
Catch-up (excess)/Valuation objections	(8,530)	(0.02)
Income Adjustment	15,003	0.04
Special Increase	1,750,732	4.98
	38,072,596	8.3

The Minister's approval is on the basis that Council will:-

“ (i) Raise \$1,750,732 of the increase by additional rates for the costs associated with infrastructure maintenance and renewal, as defined by the Council for a period of five years;

(ii) Will reduce its general income for the 2007/08 rating year by \$1,750,732 plus the equivalent cumulative proportion of this increase from any general variation increases or any special variation increases approved for the 2003/04 to 2006/07 ratings years inclusive, and

(iii) Clearly reports outcomes and expenditures in its annual report for the term of the variation.”

The Minister has also determined that :-

“Randwick City Council may make and levy the following ordinary rate for 2002/03:

<i>Business Rate</i>	<i>\$701.30</i>
<i>Residential Rate</i>	<i>\$435.40”</i>

CONCLUSION:

The Minister’s decision to approve a reduced rate increase will leave a funding shortfall of \$368,063. Accordingly the Capital Works programme for 2002/03 will be reduced by \$368,063

RECOMMENDATION:

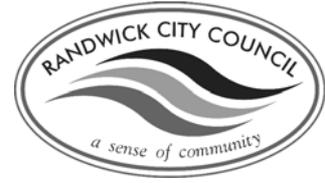
- (a) The Minister’s determination be noted
- (b) The Budget 2002/03 be amended as the Budget for 2002/03, and that the funds be voted accordingly by reducing the allocation in the Capital Works Programme to Roadworks, Resurfacing Unallocated, by \$368,063
- (c) A further report be submitted to Council outlining revised programs for Roadworks, Unallocated
- (d) The Management Plan 2002/05 be amended for 2002/05;
- (e) The Ordinary Residential Rate be made and levied by Council for 2002/03, under s494 and s498 (1)(a) and (2) of the Local Government Act 1993, as a rate of 0.27946 cents in the dollar on the land value of all rateable land within the City of Randwick being Residential land;
- (f) The Ordinary Business Rate be made and levied by Council for 2002/03, under s494 and s498 (1)(a) and (2) of the Local Government Act 1993, as a rate of 1.1102 cents in the dollar on the land value of all rateable land within the City of Randwick being Business land;
- (f) The minimum Ordinary Residential rate be made and levied in 2002/03 under s548 (1)(a), (2), (4) & (5) of the Local Government Act 1993, as \$435.40;
- (g) The minimum Ordinary Business rate be made and levied in 2002/03 under s548 (1)(a), (2), (4) & (5) of the Local Government Act 1993, as \$701.30;

ATTACHMENT/S:

1. Minister’s determination of 11th July 2002- under separate cover

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MICK SAVAGE
ACTING GENERAL MANAGER

Director Governance Management & Information Services' Report 25/2002



SUBJECT:	AGGREGATION OF VALUATIONS
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DATE:	9 July, 2002	FILE NO:	98/S/0181
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REPORT BY: DIRECTOR GOVERNANCE MANAGEMENT & INFORMATION SERVICES

INTRODUCTION:

Council needs to formalise its procedures in relation to the aggregation of utility lots in a strata title property.

The need to establish these procedures relates to properties where more than one utility lot is owned by a ratepayer who has **not** acquired a residential lot within that same strata plan.

Legal advice was also sought on this matter.

ISSUES:

If the owner of a utility lot (i.e. garage, car space or storage) in a strata plan owns a residential lot in the same strata plan, Council adopts the standard practice of all NSW Councils by aggregating the lots and charging a residential rate plus one domestic waste service.

However, there are instances where a ratepayer may own a number of utility lots, but does **not** own a residential lot within that strata plan. Some of these owners may own several car spaces, which attract a business rate in accordance with Section 518 of the Local Government Act, 1993.

In a specific property within Randwick City there are 35 utility lots that have not been aggregated with a residential lot. Of the 35 lots the developer has retained 9 lots whilst the remaining 26 lots have been sold to owners in various numbers.

- i.e. 2 owners with 5 lots each
- 2 owners with 4 lots each
- 2 owners with 2 lots each
- 4 owners with 1 lot each

Staff have aggregated lots in multiples of 4 and applied a business rate of \$641.70 for each multiple (or part thereof).

CONCLUSION:

The question arises as to whether the practice should continue.

The specific sections in the act are: -

- 548A (1)
 - (a) “would apply unfairly” and
- 548A (1)
 - (b) “would cause hardship to a rateable person”

In relation to 548A (1)(b), it is somewhat difficult for a ratepayer to claim hardship, however, I believe that there could be a case that if there was no aggregation, a ratepayer could claim that the situation is unfair (Sect 548(1)(a)) – particularly as the minimum business rate is currently \$641.70, as there is no doubt that a utility lot does not place a heavy burden on the services of the Council.

There is no overall impact on Council’s rate revenue as a result of aggregation of valuations, because of rate pegging. It would mean that the overall rate burden is spread differently, on a very marginal basis.

RECOMMENDATION:

- (1) That the existing practice of aggregating utility lots with residential lots in the same strata plan continue (where separate titles exist).
- (2) That utility lots owned by ratepayers (**not** owning a residential lot in the same strata plan) attract a business rate. However, where the same ratepayer owns two or more utilities in the same strata plan, the utility lots be aggregated in multiples of four (4) or part thereof as one rateable billing.

ATTACHMENT/S:

NIL

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 MARK HUMMERSTON
 DIRECTOR GOVERNANCE
 MANAGEMENT & INFORMATION
 SERVICES