

## ***How Our Rates Work***

Council rates are determined in accordance with the provisions of the Local Government Act 1993. This legislation provides the mechanisms to calculate rates and limits the income councils can derive from rates.

Cobar has four rating categories which are then divided up into subcategories:

- Farmland
- Residential (Rural Residential, Residential Village, Residential Ordinary)
- Mining (Mining Ordinary, Mining Gold)
- Business (Business Cobar CBD, Business Village, Business Ordinary)

Rates are calculated annually and include a combination of ad valorem, base amounts and minimum 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.

Land valuations are undertaken every 3 years by the NSW Valuer General. The land value does not include the value of the house, buildings, or other improvements to the land. Council uses this figure to calculate the ad valorem amount to reflect any changes in the value of your land.

## ***Where Do Our Rates Come From Now?***

In 2012/2013 Council will receive \$2.7m in rates (some of which applies to Council properties and does not involve a cash return or payment). Broken down into categories that equates to:

- \$0.486m farmland (19%)
- \$1.067m mining (37%)
- \$0.27m business (10%)
- \$0.88m residential (34%)

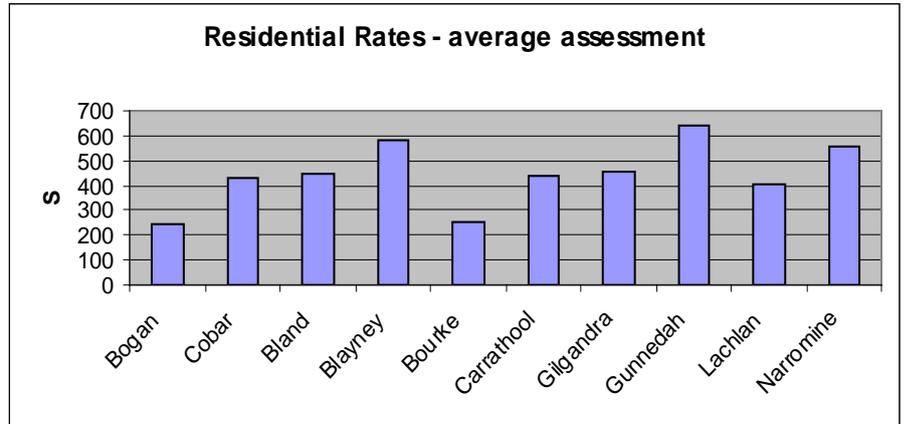
A further breakdown can be found in the attached Schedule of Rates and Categories.

## ***How Do Our Rates Compare?***

Rates in all our categories are relatively low when compared to similar NSW Councils. Other Councils in our group (that these comparisons are made against) include Narromine, Bland, Walgett, Temora and Upper Lachlan.

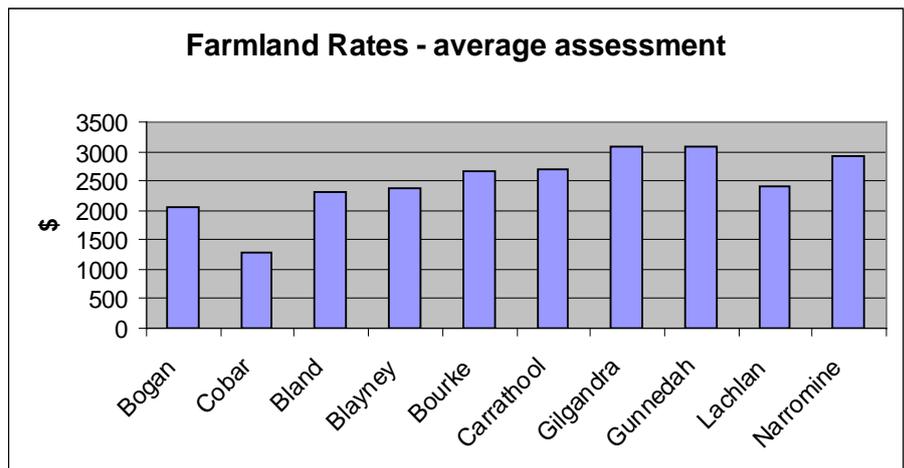
## Residential Rates

In 2009/10 (the last year of data currently available), Cobar's average residential rate was \$396. The Group 10 average was \$474 and the NSW Median was \$660.



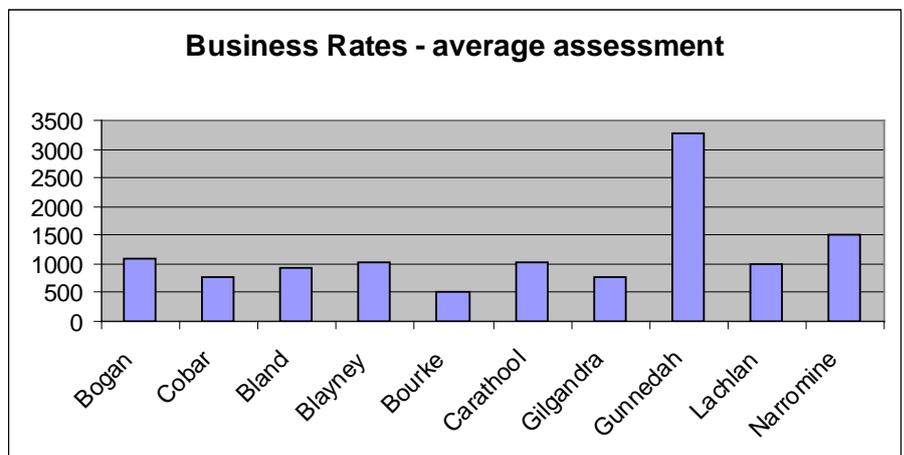
## Farmland

In 2009/10 Cobar's average farmland rate was \$1193. The Group 10 average was \$1984 and the NSW median was \$1834.



## Business

In 2009/10, the Cobar Business rate average was \$676, compared to the Group 10 average of \$987 and the NSW median of \$1841.



## What is Rate Pegging?

Rate pegging is the percentage limit by which all NSW Councils are legally allowed to increase the total income they receive from general rates. The rate peg is set annually by the Independent Pricing and Regulatory Tribunal (IPART). The rate peg for 2011/2012 was 2.8% and in 2012/2013 it is 3.6% (to allow for electricity price rises due to the carbon tax).

In the past Cobar has not always increased the rates by the rate peg amount, which is one of the reasons Council's rates are so low compared to similar councils. Council determines how to distribute the rate pegging amount between the different categories.

## Schedule of Proposed General Rates and Categories 2012/2013

| Rating Category (s514-518) | Name of sub-category | Number of Assessments | Ad Valorem Rate | Base Amount \$ | 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 |
|----------------------------|----------------------|-----------------------|-----------------|----------------|---------------|------------|-------------------|--------------------------------------|-------------------------------|------------------------------------|
| Farmland                   | Ordinary             | 402                   | 0.29            | 300            | 24.83%        |            |                   | 125,913,625                          |                               | 485,750                            |
| Residential                | Ordinary             | 1,691                 | 1.6             |                |               | 402        | 694               | 45,411,580                           | 14,722,220                    | 770,018                            |
| Residential                | Rural                | 88                    | 1.2             |                |               | 402        | 22                | 3,670,710                            | 144,120                       | 51,163                             |
| Residential                | Village              | 272                   | 14              | 100            | 47.29%        |            |                   | 216,560                              |                               | 57,518                             |
| Business                   | Ordinary             | 203                   | 1.24            |                |               | 480        | 113               | 8,959,760                            | 2,258,960                     | 137,330                            |
| Business                   | Cobar CBD            | 86                    | 2.7             |                |               | 480        | 18                | 4,196,600                            | 225,200                       | 115,868                            |
| Business                   | Village              | 50                    | 6               | 140            | 43.79%        |            |                   | 149,740                              |                               | 15,984                             |
| Mining                     | Gold                 | 16                    | 3.7             |                |               | 485        | 4                 | 10,102,680                           | 13,080                        | 375,255                            |
| Mining                     | Ordinary             | 10                    | 1.76            |                |               | 485        | 4                 | 39,234,300                           | 22,500                        | 692,068                            |
|                            |                      | <b>2,818</b>          |                 |                |               |            |                   |                                      |                               | <b>2,700,954</b>                   |