



KEMPSEY
Shire Council

DIRECTOR CORPORATE SERVICES REPORT

14th March 2006

DCS3	SPECIAL VARIATIONS TO COUNCIL'S GENERAL RATE INCOME 2006 / 07 FILE: 483 APC {Folio No. * }
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SUMMARY:

Reporting on the procedure to be followed in obtaining Ministerial approval for a special variation to Council's general rate income for the 2006 / 07 year.



DESCRIPTION:

The Department of Local Government has issued a circular ([Appendix C](#)) outlining the procedure to be followed should Council wish to apply for a special variation to increase their general rate income in 2006 / 07 above the rate pegging limit imposed by the Department.

The Department have requested that applications be submitted by 31st March 2006.

Local Government Act

The Local Government Act provides Council with the following options when determining the basis on which an application for a special variation is to made :

- Sec 508(2) provides that whilst the increase is for a specific year 2006 / 07, the period for which the increase is to apply maybe fixed or ongoing.
- Sec 508A LGA allows Council to increase its general income by an amount which is greater than the general variation each year up to a maximum of seven years.

Generally an application under Section 508A requires a much more rigorous assessment process and as part of the application Council's are required to submit to the Department a ten year financial plan.

Council's applied for a special variation of 7% over and above the 3.5% rate pegging allowed for the 2005 / 06 year. The increase was sought in order to address specific maintenance work on Council's road network. A copy of the program of works as proposed at that time is attached at [\(Appendix D\)](#).

Council's application was made in accordance with Section 508(2) of the Local Government Act and on the basis that such variation would be ongoing.

Council subsequently withdrew the application.

Valid Reasons in Support of an Application

The Department has provided the following information in respect of circumstances that are considered to be appropriate reasons when applying for a special variation:

- Where additional income is necessary to finance a project which has regional significance or a demonstrable regional economic benefit.
- Where additional income is necessary to finance new or enhanced local government services or facilities specified in a comprehensive principal activity statement in the Council's draft management plan. Proposals may include infrastructure maintenance or replacement programs and services related to sustainable natural resource management, waste management, environmental protection, pollution control or public health.
- Where additional income is necessary to meet substantial increases in Government contributions or levies e.g. Valour General, NSW Fire Levy or Rural Fire Services contribution.

Consultation with the Community

Council in applying for a special variation must demonstrate that adequate communication and consultation has occurred with the community and that broad community support has been received in respect of those initiatives upon which Council's application is based.

A strategy for consultation with the Community on this matter is currently being developed.

REPORT IMPLICATIONS:

- ***Environmental***

The environmental impact is dependent upon Council's decision as to whether a special variation is to be sought and the initiatives supported by such an application.

- ***Social***

The social impact is dependent upon Council's decision as to whether a special variation is to be sought and the initiatives supported by such an application.

- *Economic (Financial)*

Any decision to increase Council's revenue will have a positive impact upon services provided by the Council on behalf of the community.

- *Policy or Statutory*

Nil

- *Director's Review*

The need to allocate additional funds to maintain and protect Council's existing road and bridge assets is becoming increasingly obvious. The State Governments recent decision to axe the Bridge Subsidy Program only exacerbates the situation.

A 1% increase in general rate income represents approximately \$90,000pa. If Council adopts the Recommendation an ongoing program of works to the value of approximately \$540,000 (+ CPI increases) can be developed.

RECOMMENDATION:

That Council make application under Section 508(2) to the Minister for Local Government for a Special Variation to General Income for 2006 / 07, and ongoing, of 6% for the purpose of applying the additional funds to the maintenance and replacement of Council's road and bridge infrastructure.

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G B Snape
DIRECTOR CORPORATE SERVICES