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**GUNDAGAI SHIRE COUNCIL: SPECIAL VARIATION APPLICATION 2008/09**

**BACKGROUND**

Gundagai Shire Council has applied for a special rate variation of 12.89% for a period of ten years. This will increase Council's general income by \$185,014 in the first year, increased by the rate peg for subsequent years.

**PURPOSE**

Council has stated that the principal driver behind their application is to maintain/upgrade and to a lesser extent expand its infrastructure assets.

The additional revenue will enable/assist in the financing some of the following projects over the next ten years:

<b>ITEM</b>	<b>\$ AMOUNT</b>
Swimming Pool - renewal	182,000
Carberry Park – upgrade/renewal	95,000
Sheridan Street upgrade (loan repayment)	417,000
Footpaths - renewal	222,000
Kerbing and Guttering – renewal, upgrade & expansion	250,000
Transport & Communications - renewal	250,000
Transport & Communications - maintenance	383,000
IT Equipment - renewal	196,000
Town Improvement	8,000
Mirrabooka building - upgrade	28,000
Cemetery - upgrade	25,000
Medical Centre - upgrade	45,000
Yarri Park PCs - renewal	8,000
Playground Equipment - renewal	10,000
Fuel Facility – upgrade	20,000
Caravan Park – renewal/upgrade	14,000
Council chambers - renewal	62,000
	<b>\$2,215,000</b>

Council notes that, in its 2006/07 Report, Council's auditor commented, "Council should consider applying for a rate increase above the rate pegging limit to provide recurrent revenue increases". While Council resolved to pursue an increase in 2007/08, the severity of the drought over the summer of 2007 meant that Council ultimately deferred the decision until 2008/09.

### **IMPACT ON RATE PAYERS**

The range of changes in rates from the special variation for the following will be:

- Ordinary residential rates \$219 to \$240 – an increase of \$21, or 9.5%
- Ordinary business rates \$498 to \$546 – an increase of \$48, or 9.6%
- Farmland rates \$1,616 to \$1,769 – an increase of \$153, or 9.5%
- Town Improvement rate \$186 to \$204 – an increase of \$18, or 9.7%
- Domestic Waste Management – average increase \$17.50

Council does not have a Hardship Policy. Council officers are not aware of any instances in the past where ratepayers have sought assistance on the basis of hardship. If such applications were made, as a result of the special variation, the matter/s would be referred to Council for consideration on a case-by-case basis.

### **COMMUNITY CONSULTATION**

The Council informed the community about the proposed special variation in the following ways:

- The Draft Management Plan was on public exhibition from 3 April 2008 to 30 April 2008. There have been no formal responses received by Council.
- A public information forum was conducted on 15 April 2008. The forum had been notified in the local newspaper, and the newspapers of both Tumut and Cootamundra. The forum was also publicised in a number of television interviews (Prime TV). Only three people attended, all three supported the proposal. This was confirmed by a Wagga Daily Advertiser press clipping, which even mentioned the names of the three attendees.
- There has been considerable coverage of the proposal through press reports in both the local newspaper (Gundagai Independent) and the regional newspaper (Wagga Daily Advertiser), radio interviews, and television interviews.

### **RECENT MEDIA ARTICLES**

There have been three media articles relating to the special variation. The articles only mentioned the public meeting and set out the details of the proposed increase. There was no comment on the merit of the proposal.

### **COMPLAINTS RECEIVED BY THE MINISTER AND THE DEPARTMENT**

There has not been any correspondence received by either the Minister's Office or the Department in regards to the proposed special variation

### **SPECIAL VARIATIONS HISTORY**

Gundagai Shire Council has never made a special rate variation application since the introduction of rate-pegging.

### **COUNCIL'S FINANCIAL POSITION AS AT 30 JUNE 2007**

The Council's overall financial results were satisfactory. The assessment is based on:

- The written down value of all assets except Water and Sewerage were below 50%. The Department prefers greater than 50%.
- All other key performance indicators were satisfactory and better than industry benchmarks.
- Council does not have any borrowings.
- The estimated cost to bring assets to a satisfactory condition was \$1.991M in 2006/07. Council's programmed maintenance works matches or betters the estimated annual cost to bring assets to a satisfactory standard.
- Council's rating structure complies with the *Local Government Act 1993*.
- Council has made significant progress in preparing its asset management plans.

Council's average rates for all categories are lower than the Group Average (TAB A).

### **PROMOTING BETTER PRACTICE REVIEW**

A Promoting Better Practice review has not been conducted on Gundagai Shire Council.

### **COMMENT**

It is recommended that the Special Rate Application be approved. Reasons include:

- Council has demonstrated that it has extensively consulted with ratepayers, and there appears to be little opposition to an increase in rates.
- Council has fulfilled the Department's assessment criteria for special variation applications.
- Council needs to replace ageing infrastructure.
- The application reflects a recommendation made by Council's auditor to increase its general rate income to ensure its ongoing sustainability.

### **RECOMMENDATION**

It is recommended that the **Minister approve** Gundagai Shire Council's application for a special variation of **12.89%** for a **period of 10 years**, subject to the following conditions:

- (i) Council will raise \$185,014 of the increase by additional rates to meet existing service levels to ratepayers and maintain existing assets, as defined by the Council, for a period of ten years;
- (ii) Council will reduce its general income for the 2018/2019 rating year by \$185,014 plus the equivalent cumulative proportion of this increase from any general variation increases or any special variation increases approved for the 2009/2010 to 2017/2018 rating years inclusive; and

- (iii) Council clearly reports in its annual report for the period 2008/09 to 2017/18 information on the total income received, expenditure per project/program and outcomes achieved.

**Ross Bailey**  
**Senior Finance Officer**  
**Ext 204,**  
**11 June 2008**

1. Principal Finance Officer
2. A/Manager Finance Branch
3. Director Performance Management and Compliance
4. Manager Executive Support
5. Deputy Director General
6. Director General
7. Policy Advisor – Local Government
8. Minister
9. Drafting Officer
10. File

**CALCULATIONS**

	Amount Sought		Recommended	
Expiring SV				
Adjusted 07/08 Notional General Income	1,972,202		1,972,202	
2008/09 General Variation (Rate Peg)	63,110	3.20%	63,110	3.20%
Catchup/(Excess)	4,395	0.22%	4,395	0.22%
Valuation Objections claimed in 2007/08		0.00%		0.00%
Income Adjust (approved by Minister)	1,730	0.09%	1,730	0.09%
Special Variation	185,014	9.38%	185,014	9.38%
<b>TOTAL</b>	<b>2,226,451</b>	<b>12.89%</b>	<b>2,226,451</b>	<b>12.89%</b>

**SUPPORTING DOCUMENTATION PROVIDED**

- Council's "Application for special variation to general income 2008/09" (SV1 form) with attachments
- Media articles
- "Average Rate per Assessment" comparative information 2005/06