



THE INDEPENDENT PRICING AND REGULATORY TRIBUNAL OF NSW

APPLICATION FOR A SPECIAL VARIATION TO GENERAL INCOME

Under Section 508(2) of the Local Government Act 1993
2014/15

SECTION 508(2) APPLICATION FORM PART A

Before completing this form, you **MUST** read the
Division of Local Government's

*Guidelines for the preparation of an application
for a special variation to general income*

Guidelines are available on the Division's website at www.dlg.nsw.gov.au.

NOTE: This part of the application must be completed in conjunction with Part B
(Special Variation Application Form Part B - 2014/15)

Instructions

Both Part A and Part B of the application are designed to be completed on your computer
and then submitted using the portal on our website at:

http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt

This part of the application (Part A) consists of six worksheets:

- ▶ **Worksheet 1 (Identification):** Identifies the council making the application and a council contact officer, collects information on expiring variations and the term of the proposed variation and provides a summary of the variation based on WK4 calculations.
- ▶ **Worksheet 2 (current year Notional General Income):** Calculates the council's Notional General Income for the current financial year 2013/14.
- ▶ **Worksheet 3 (Notional General Income):** Calculates the council's proposed Notional General Income for year 1 in the application, ie. 2014/15.
- ▶ **Worksheet 4 (Calculation):** Calculates the council's Permissible General Income based on the input of the special variation percentage, Crown land adjustments and other adjustments to income in 2014/15.
- ▶ **Worksheet 5 (Impact on Rates):** Calculates the average increase in rates and charges in each sub-category, with and without the proposed special variation. Also collects the assessment numbers in ordinary rate categories for different land values and the proposed rate levels across this distribution in 2014/15.
- ▶ **Worksheet 6 (Expenditure Program):** Collects how the council intends to use the extra funds that will be gained by the special variation.

Detailed instructions on how each of these worksheets must be completed are provided below.

Worksheet 1 - Identification

- ▶ Select your council name from the drop down list.
- ▶ Enter contact details for the responsible officer.
- ▶ Enter details of any existing special variation due to expire on 30 June 2014 or the council's preference for another variation to expire earlier than the approved expiry date.
- ▶ Enter any details as requested regarding expiring existing special variations in the Expiring Special Variation section. Note that any expiring amount needs to be verified by DLG.
- ▶ The other calculations in this worksheet (including the special variation percentage) will be generated once worksheets 2-4 are correctly completed by the council.

Worksheet 2 - Notional General Income for current year

This worksheet calculates the Notional General Income for the previous year, by applying the rating structure used in the previous year to land values, adjusted by supplementary valuations received during that year. The calculations are to be checked with the DLG before this application is submitted to IPART.

Land values should be adjusted to reflect changes resulting from supplementary valuations received during the previous year. Any inclusion in this worksheet as a "supplementary valuation" must agree with Section 4 of the *Valuation of Land Act 1916*.

Worksheet 3 - General Notional Income for next year

This worksheet calculates the proposed Notional General Income. It should apply the rating structure, including the proposed special variation increase, to land values adjusted by supplementary valuations received during the previous year.

The rating structure entered here must be checked by the DLG and reflect the Draft Operational Plan.

Worksheet 4 - Calculation

This worksheet calculates the Permissible Income based on the proposed special variation, after taking into consideration various adjustments. Expiring variation and income adjustments need to be verified by the DLG before the application is submitted to IPART.

PERMISSIBLE GENERAL INCOME CALCULATION

Note: Council must check all income adjustments and expiring variation amounts with the DLG before submitting their application to IPART.

Prior year Notional General Income -

Less: Decrease from expiry of a prior special variation

Adjusted first year Notional General Income \$ -

Plus: Rate-peg % increase -

Plus: Additional special variation % increase

Plus: Crown Land adjustment 0.00%

Total special variation %

Other First Year Adjustments:

(If known - Refer to advice from the Division)

Plus/Minus Prior year Catchup/Excess

Minus: Prior year Valuation Objections

Total Adjustments (excluding Crown land adjustments) -

2014/15 Permissible General Income \$ -

Total Notional General Income (WK3) -

LESS: Valuation Objection income to be recouped in 2014/15 (WK3)

Net 2014/15 Notional General Income Yield -

Anticipated Catchup/(Excess) 2015/16 \$ -

Expiring Special Variation

If the council has an expiring special variation in the first year of this application (such that it is due to expire on 30 June 2014), Notional General Income must be reduced before calculation of the Permissible General Income in 2014/15.

Consult with the Division of Local Government on the correct figure before submitting the application to IPART.

Rate Peg Percentage

Enter the percentage figure announced by IPART in 2013.

Additional Percentage Increase

Enter the additional percentage increase in general income being sought by the council, excluding any other income adjustments.

Crown land adjustment

Crown land claims will increase your Permissible Income. Enter in the \$ amount of any Crown land adjustment here. This will automatically calculate the % amount to be included in the final special variation % for consideration by IPART.

Note that applications for Crown land adjustments still need to be made separately to DLG.

Other adjustments

There are 2 other possible adjustments that are not included in the final special variation % but which will affect Permissible General Income.

1. Prior year result: This is the catch-up or excess amount from the previous year, as advised by the Division.

2. Valuation Objections: If you successfully claimed valuation objections in the previous year, Permissible General Income must be reduced by that amount (to strip out the additional income that was claimed from the revenue base). Check this figure with DLG.

Valuation Objection income to be recouped in 2014/15

Enter in the estimated amount of valuation objection income to be recouped in 2014/15. This is deducted from the total general income yield for 2014/15 to calculate the net income yield.

The anticipated catch up/excess amount in 2015/16 is the difference between the estimated net yield in 2014/15 and permissible general income.

Worksheet 5 - Impact on Rates

This worksheet is designed to show the average rate increase per sub-category for ordinary and special rates, with and without the proposed special variation. It also shows the distribution of ordinary rates across different land value ranges and how different (ordinary) ratepayers will be impacted by the proposed special variation in 2014/15, depending on the value of their land.

All shaded areas on this schedule will populate automatically from data entered in either Worksheet 3 (next year Notional General Income) or in the white cells in this sheet.

Councils **must** enter in both the average rates per sub-category if the special variation is not approved (so that only the rate peg increase would apply) AND the average rates if the special variation was approved as requested.

Councils **must** also enter the number of assessments in the ordinary rating categories (residential, business and farmland) across various land value ranges in 2013/14, and the rate levels for different land values in 2013/14, and for 2014/15 with and without the proposed special variation.

Note:

1. Average rates equal the total income generated by a category or sub-category of rates divided by the number of assessments in that same category.
2. Rate levels should include any expiring variations.
3. An error message of **#VALUE!** or **#DIV/0!** in any of the cells may indicate:
 - ☒ Main category name not selected on Worksheet 3
 - ☒ An incomplete rating structure entered on Worksheet 3
 - ☒ No average rate data in column D.

Worksheet 6 - Proposed Additional SRV Income and Expenditure

This worksheet is designed to show how the council proposes to use the additional funds generated from the special variation above the rate peg.

*** This worksheet is not protected to allow the council flexibility to add or delete rows.**

The worksheet automatically calculates the additional SRV income in 2014/15 (Year 1). Councils must complete the additional SRV income rows from years 2 to 10.

Councils must enter each category of expenditure, and if applicable, individual program/project names, in column C under one of the headings provided.

The spreadsheet will calculate the difference between the additional income from the special variation and what it is spent on.

*** Part B of the application provides councils with the opportunity to explain their program of expenditure and the associated impacts on their financial position in more detail.**

Enquiries regarding the completion of this application should be directed to:

Dennis Mahoney 02 9290 8494
dennis_mahoney@ipart.nsw.gov.au

Nick Singer 02 9290 8459
nick_singer@ipart.nsw.gov.au

Issue Date: 09/13



APPLICATION FOR SPECIAL VARIATION TO GENERAL INCOME

Section 508(2)

2014/2015

WORKSHEET 1

Part A

Council Name: **Ku-ring-gai Municipal Council**

Contact Details:

Name: **Angela Apostol**
Position: **Finance Manager**
Telephone: **(02) 9424 0733**
Email: **aapostol@kmc.nsw.gov.au**

Expiring special variationDoes the council have an existing special variation due to expire 30 June 2014? **Yes***If so, the expiring special variation amount needs to be entered in WK4.*Requested special variation 2014/15

This information will provide a summary of the special variation once other worksheets are completed.

Select the term of the special variation below.

Other cells in this sheet are linked to cells in Worksheet 4 - Calculation.

Deduction for expiry of special variation (30 June 2014) **-\$2,620,437**2013/14 Adjusted Notional General Income **\$54,648,450**Percentage increase over 2013/14 (adjusted) Notional General Income: **7.30%**Term of special variation: **Ongoing**Rate peg increase to Notional General Income in 2014/15 **\$1,256,914**Additional increase to Notional General Income in 2014/15 **\$2,732,422**

Crown land adjustments

Total special variation increase to Notional General Income in 2014/15 **\$3,989,336**Total Other Income Adjustments (catch ups/excess & valuation objections) **\$0****Total Permissible General Income 2014/15** **\$58,637,786**

WORKSHEET 2

Calculation of Notional General Income - 2013/14

Calculation of Notional General Income - 2013/14 - Ordinary Rates

This worksheet must reflect the rating structure levied in 2013/14

(NOTE: Valuations used here are to be taken from Council's valuation list on 1 July 2013 and are to include supplementaries having the same base date and furnished to Council during 2013/14 and estimates of increases in valuations provided to the Council under section 513)

[illegible]

Total Assessments:

41,338.00

Total Rateable Land Value:

23,929,762,833

Sub-Total:

29,733,813

Calculation of Notional General Income - 2013/14 - Special Rates

[illegible]

Calculation of Notional General Income - 2013/14 - Annual Charges

Annual Charges (excluding water supply, sewerage and domestic and non-domestic waste management services)	No. of Assessments	Amount of Charge	Notional General Income
Sub-Total:			0

Total 2013/14 Notional General Income:

57,268,887

Note: Section 505(a) of the Act provides for those rates and charges that are to be included in general income, including certain section 501 annual charges.

WORKSHEET 3**Calculation of Notional General Income - 2014/15**

This worksheet must be the proposed rating structure for 2014/15
should the special variation be approved.

Note: A rating structure that does not comply with the legislation, may not be approved.

NOTIONAL GENERAL INCOME SHOULD BE SHOWN BEFORE ANY ADJUSTMENT IS MADE FOR WRITE-OFF.

Calculation of Notional General Income - Ordinary Rates

Rating Category (s514-518)	Name of sub-category	Number of Assessments	Ad Valorem Rate	Base Amount \$	Base Amount %	Minimum \$	Number on Minimum	Land Value at start of year	Land Value of Land on Minimum	Notional General Income
Residential		40,341.00	0.099452			485.00	12,439.00	23,338,820,160	2,840,538,392	26,418,866
Business		997.00	0.670648			485.00	188.00	590,942,673	7,955,122	4,000,974
Total Assessments:		41,338.00				Total Rateable Land Value:		23,929,762,833	Sub-Total:	30,419,841

Calculation of Notional General Income - Special Rates

[illegible]

Calculation of Notional General Income - Annual Charges

Annual Charges (excluding water supply, sewerage and domestic and non-domestic waste management services)	No. of Assessments	Amount of Charge	Notional General Income
Sub-Total:			0

Total 2014/15 Notional General Income

58,637,807

LESS: Valuation Objection Income - Proposed
to be recouped in 2014/15

NET 2014/15 Notional General Income

58,637,807

Note: Section 505(a) of the Act provides for those rates and charges that are to be included in general income, including certain section 501 annual charges.

WORKSHEET 4**PERMISSIBLE GENERAL INCOME CALCULATION**

Note: Council must check all income adjustments and expiring variation amounts with the DLG before submitting their application to IPART.

Prior year Notional General Income 57,268,887

Less: Decrease from expiry of a prior special variation (2,620,437)

Adjusted first year Notional General Income \$ **54,648,450**

Plus: Rate-peg % increase 2.30% 1,256,914

Plus: Additional special variation % increase 5.00% 2,732,422

Plus: Crown Land adjustment 0.00%

Total special variation % **7.30%**

Other First Year Adjustments: 3,989,336

(If known - Refer to advice from the Division)

Plus/Minus: Prior year Catchup/Excess -

Minus: Prior year Valuation Objections

Total Adjustments (excluding Crown land adjustments) -

2014/15 Permissible General Income \$ **58,637,786**

Note: All rate estimates should reflect expected rates (average or actual), inclusive of any expiring variations.

[illegible][illegible]

Has the council had a general land revaluation in Year 0?: No

Land Value Range (for assessment numbers)	No. of ordinary residential property assessments 2013/14	No. of ordinary business property assessments 2013/14	No. of ordinary farmland property assessments 2013/14	Land value (for calculation of rates)	Current Residential Rate	Residential Rate Year 1 (with SV)	Residential Rate Year 1 (without SV)	Current Business Rate	Business Rate Year 1 (with SV)	Business Rate Year 1 (without SV)	Current Farmland Rate	Farmland Rate Year 1 (with SV)	Farmland Rate Year 1 (without SV)
					2013/14	2014/15	2014/15	2013/14	2014/15	2014/15	2013/14	2014/15	2014/15
\$0 to \$99,999	2,434	272		\$50,000	\$474.00	\$485.00	\$485.00	\$474.00	\$485.00	\$485.00			
\$100,000 to \$199,999	4,679	158		\$150,000	\$474.00	\$485.00	\$485.00	\$976.32	\$1,005.97	\$950.69			
\$200,000 to \$299,999	1,600	83		\$250,000	\$474.00	\$485.00	\$485.00	\$1,627.21	\$1,676.62	\$1,584.48			
\$300,000 to \$399,999	1,062	102		\$350,000	\$474.00	\$485.00	\$485.00	\$2,278.09	\$2,347.27	\$2,218.27			
\$400,000 to \$499,999	3,281	67		\$450,000	\$474.00	\$485.00	\$485.00	\$2,928.97	\$3,017.92	\$2,852.06			
\$500,000 to \$599,999	7,444	48		\$550,000	\$535.40	\$546.99	\$485.00	\$3,579.85	\$3,688.56	\$3,485.85			
\$600,000 to \$699,999	7,479	50		\$650,000	\$632.74	\$646.44	\$567.40	\$4,230.73	\$4,359.21	\$4,119.64			
\$700,000 to \$799,999	5,626	39		\$750,000	\$730.09	\$745.89	\$654.69	\$4,881.62	\$5,029.86	\$4,753.43			
\$800,000 to \$899,999	2,642	24		\$850,000	\$827.43	\$845.34	\$741.98	\$5,532.50	\$5,700.51	\$5,387.22			
\$900,000 to \$999,999	1,347	19		\$950,000	\$924.78	\$944.79	\$829.27	\$6,183.38	\$6,371.16	\$6,021.01			
\$1,000,000 to \$1,499,999	2,354	14		\$1,250,000	\$1,216.81	\$1,243.15	\$1,091.15	\$8,136.03	\$8,383.57	\$7,922.68			
\$1,500,000 to \$1,999,999	247	32		\$1,750,000	\$1,703.54	\$1,740.41	\$1,527.61	\$11,390.44	\$11,736.34	\$11,091.33			
\$2,000,000 to \$2,999,999	76	25		\$2,500,000	\$2,433.63	\$2,486.30	\$2,182.30	\$16,272.05	\$16,766.20	\$15,844.75			
\$3,000,000 and greater	34	25		\$3,000,000	\$2,920.35	\$2,983.56	\$2,618.76	\$19,526.46	\$20,119.44	\$19,013.70			

Note: Include rate levels for the main ordinary categories only in this section (ie, exclude rate sub-categories).

Land Value Range (for assessment numbers)	Share of ordinary residential property assessments %	Share of ordinary business property assessments %	Share of ordinary farmland property assessments %	Land value (for calculation of rates)	Increase in Residential Rate		Increase in Business Rate		Increase in Farmland Rate	
					\$	%	\$	%	\$	%
\$0 to \$99,999	6.0%	27.3%		\$50,000	\$11.00	2.32%	\$11.00	2.32%		
\$100,000 to \$199,999	11.6%	15.8%		\$150,000	\$11.00	2.32%	\$29.65	3.04%		
\$200,000 to \$299,999	4.0%	8.3%		\$250,000	\$11.00	2.32%	\$49.41	3.04%		
\$300,000 to \$399,999	2.6%	10.2%		\$350,000	\$11.00	2.32%	\$69.18	3.04%		
\$400,000 to \$499,999	8.1%	6.7%		\$450,000	\$11.00	2.32%	\$88.95	3.04%		
\$500,000 to \$599,999	18.5%	4.8%		\$550,000	\$11.59	2.16%	\$108.71	3.04%		
\$600,000 to \$699,999	18.6%	5.0%		\$650,000	\$13.70	2.16%	\$128.48	3.04%		
\$700,000 to \$799,999	14.0%	3.8%		\$750,000	\$15.80	2.16%	\$148.25	3.04%		
\$800,000 to \$899,999	6.6%	2.4%		\$850,000	\$17.91	2.16%	\$168.01	3.04%		
\$900,000 to \$999,999	3.3%	1.9%		\$950,000	\$20.02	2.16%	\$187.78	3.04%		
\$1,000,000 to \$1,499,999	5.8%	5.4%		\$1,250,000	\$26.34	2.16%	\$247.08	3.04%		
\$1,500,000 to \$1,999,999	0.6%	3.2%		\$1,750,000	\$36.87	2.16%	\$345.90	3.04%		
\$2,000,000 to \$2,999,999	0.2%	2.5%		\$2,500,000	\$52.68	2.16%	\$494.15	3.04%		
\$3,000,000 and greater	0.1%	2.5%		\$3,000,000	\$63.21	2.16%	\$592.98	3.04%		

PROPOSED ADDITIONAL SPECIAL VARIATION INCOME AND EXPENDITURE

Enter the change in operating balance (excluding capital items) and proposed spending over 10 years under each of the headings as relevant.

Add or delete rows if necessary.

For additional SRV income in years beyond the period of the special variation, use the same level of income as in the final year of the variation.

[illegible]