

Recommendation: That Council:

- a) endorse the timeline outlined in the report for the preparation of the 2017/18 Draft Budget and Operational Plan including the conduct of Councillor Workshops on 20 March and April 2017.
- b) determine a date for a bus tour of the Shire to take place prior to 20 March 2017.

- 16/17 RESOLVED** on the motion of Crs Douglas and Verdon that:
- a) Council endorse the timeline outlined in the report for the preparation of the 2017/18 Draft Budget and Operational Plan including the conduct of Councillor Workshops on 20 March and April 2017.
 - b) a bus tour of the Shire take place on Tuesday, 14 March 2017.

13. SPECIAL RATE VARIATION

(GM/I05-005)

Executive Summary

The purpose of this Report is to endorse an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV).

Report

Council at its meeting held on 21 November 2016 passed the following resolution: -

“That Council apply for a Special Rate Variation to commence in the 2017/18 financial year of 4.6% per annum inclusive of rate pegging cumulative for 10 years for the purpose of increasing Council’s own source revenue and to be applied to the provision of community infrastructure including flood mitigation works, road restoration and swimming pool refurbishments.”

The above resolution was passed after a period of community engagement, including five community engagement sessions which were held across the Shire and concluded on 27 October 2016.

Subsequent to Council’s resolution being passed the Office of Local Government (OLG) issued *“Guidelines for the Preparation of an Application for a Special Variation to General Income for 2017/18”*. An application to IPART for an SRV is being prepared having regard to the Guidelines.

Period of the Special Rate Variation

Section 508A of the Local Government Act 1993 deals with special variations over a period of years. Section 508A (2) in particular states that: -

“The specified period must not exceed 7 years, but this subsection does not prevent a further determination being made that takes effect after that period”.

Council’s SRV application to IPART will therefore have to be for a 7 year period notwithstanding that the Council resolution passed on 21 November 2016 and the information disseminated in the community refers to a 10 year period. However Council could, if its application is successful, make another application at the end of the 7 year period seeking an SRV for a further three years consistent with the proposal outlined to the community. Resolving to lodge the second application would of course be a matter for the next Council to be elected in 2020.

An SRV approved pursuant to Section 508A of the Local Government Act can be either temporary or permanent. In the case of a temporary increase, at the expiration of the SRV the Council must adjust its general income to the level that it would have been without the SRV.

In the case of a permanent increase, at the expiry of the SRV period the increases are retained permanently in the rate base and the rate peg applies to the new level of General Income from that point onwards.

It is Council's intention to use the SRV to increase Council's own source revenue and lift its General Income to a new higher level which will then be subject to the rate peg thereafter. Specific projects have been identified for the use of the additional funds during the period of the SRV, i.e. road works, flood mitigation and swimming pool upgrades.

On this basis Council's application to IPART is being prepared on the basis of a permanent SRV.

Bearing in mind that the nominated projects referred to above are subject to a number of funding sources, i.e. SRV, loans and grant funds, Council will need to clarify its position regarding these projects with respect to various scenarios, e.g. if the SRV is not approved and/or if the grant applications are not successful. In this regard it should be noted that IPART can approve an SRV application in whole or in part or decline an application. It can also impose conditions on any approval.

A separate Workshop is proposed to be held prior to the Council meeting to enable financial modelling of the various scenarios referred to above to be presented and discussed so that Council can make an informed decision at the Council meeting.

Integrated Planning and Reporting Reference

E4.2.1a - Continue to develop sound financial management policies and practices that help ensure Council's long term financial sustainability.

Legislative Policy & Planning Implications

Section 508A of the Local Government Act applies in respect of Council's application for an SRV.

Submitting an application for an SRV is also a key component of the Council's Improvement Action Plan submitted as part of the Fit for the Future process.

Budget & Financial Aspects

An SRV where the increases are retained permanently in the rate base is necessary for Council to increase its own source revenue and enable it to fund the nominated projects during the period of the SRV and other infrastructure projects in the future.

Attachments

Nil.

Recommendation: That Council:

- a) Apply for a Special Rate Variation to commence in the 2017/18 financial year of 4.6% per annum inclusive of rate pegging cumulative for 7 years, to remain permanently in the rate base, for the purpose of increasing Council's own source revenue and to be applied to the provision of community infrastructure including flood mitigation works, road restoration and swimming pool refurbishments; and
- b) Clarify which projects (if any) it proposes to include in the 2017/18 budget and Operational Plan, if the SRV application and/or grant applications are unsuccessful, following consideration of the financial modelling to be presented at a Councillor Workshop.

<p>17/17 RESOLVED on the motion of Crs Walker and Rockliff that:</p> <ol style="list-style-type: none">a) Council apply for a Special Rate Variation (SRV) to commence in the 2017/18 financial year of 4.6% per annum inclusive of rate pegging cumulative for 7 years, to remain permanently in the rate base, for the purpose of increasing Council's own source revenue and to be applied to the provision of community infrastructure including flood mitigation works, road restoration and swimming pool refurbishments; andb) If the SRV is approved and the Building Better Regions Fund (BBRF) grant application is unsuccessful, Council will still proceed with a \$4.2M upgrade of Lockhart and The Rock swimming pools;c) If the SRV is not approved Council will proceed with a \$2M repair only of Lockhart and The Rock swimming pools;d) Council will only proceed with the flood mitigation works if Office of Environment and Heritage (OEH) funding is forthcoming.
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