

## ITEM 2 SPECIAL RATE VARIATION APPLICATION

Delivery Program Activity: (CAD-01-01) Community Engagement	Reporting Officer: Director Community Engagement
Effect of Recommendation on Budget: Nil	File: 483

### REPORT SUMMARY

Reporting on submissions to Council regarding the proposed Special Rate Variation.

<b>2014.20</b>	<b>RESOLVED:</b>	<i>Moved: Cl. Patterson Seconded: Cl. Kesby</i>
<b>1</b>	<b>That the updated Delivery Plan 2013-2017 be adopted which includes:</b>	
	<b>a) 10 year financial plan including the special rate variation.</b>	
	<b>b) 10 year financial plan excluding the special rate variation.</b>	
<b>2</b>	<b>That a submission to IPART for a four year Special Rate Variation that becomes permanent of 9.3% in 2014/2015, 10% in 2015/2016, 10% in 2016/2017 and 4% 2017/2018 be submitted.</b>	
	<b>Councillor Morris recorded his vote against the foregoing Resolution.</b>	

### COMMENTARY

#### Delivery Program 2013-2017

At the Council meeting on the 19 November 2013 Council resolved that the updated Financial Overview of Council's Delivery Program 2013-2017 be placed on public exhibition, so that the details associated with the report could be added to the Council's Delivery Program 2013-2017. The revised Financial Overview incorporates the Special Rate Variation (SRV).

The updated Financial Overview Section of Council's Delivery Program 2013-2017 was placed on public exhibition until 20 December 2013. With no submissions received.

The Delivery Program 2013-2017 has been updated to include the Financial Overview following exhibition period and is presented to Council for adoption.

#### Submissions on Special Rate Variation

As at 10 February 2014 29 letters regarding the proposed SRV were received, including one petition. Any additional letters received will be tabled at the Council meeting. An online survey is also available with 113 surveys completed to 9 February 2014.

Council received letters opposed to the rate variation, letters suggesting alternatives such as flat rate increase across all properties, increase over a longer period, commercial rates for holiday rental properties and an organisation restructure. Concerns were also raised by pensioners.

A petition with 4,255 signatures has been received. There is no cost effective way to confirm that these signatures are all ratepayers or residents of the Shire.

Copies of submissions including online surveys are contained in [REDACTED] A copy of the petition is contained in [REDACTED] A copy of the survey results is contained in [\(Appendix E - Page 270\)](#).

NOTE: Some survey questions are not included as they are not expressed as a graph. A summary of written responses will be tabled at the Council meeting.

### **Response**

Council has reviewed the organisation structure as recently as September 2013. Internal savings of \$2.5 million per year have been identified, and over the past four years council has not taken out any further loans achieving a saving of \$125,000 in interest repayments.

A flat fee across all rateable properties cannot be applied due to legislative requirements in regards to the income percentage received from the Base amount component of total rate income against the Ad Valorem (cents in the dollar) component of total rate income received in a rating category. Income received from the Residential rating category Base amount is currently 49.68%. A flat rate increase in this category would result in income from the Base Amount exceeding 50.00% and the rate levy invalid.

Council in preparing for the IPART application has had to take into account the community's capacity to pay.

Key factors that demonstrate Kempsey community's capacity to pay the proposed increase include:

- Whilst Kempsey Shire has the second lowest weekly household income level when compared to Councils in the mid-north coast region and Inner Regional NSW the percentage income required per week to pay rates is significantly lower compared to that of neighbouring councils.
- Compared to neighbouring Councils (Port Macquarie-Hastings, Nambucca, Coffs Harbour, Bellingen and Greater Taree) Kempsey has lower average residential rates and farmland rates. Kempsey also has lower average business rates other than Bellingen.
- Compared to neighbouring Councils (Port Macquarie-Hastings, Nambucca, Bellingen and Greater Taree) Kempsey has a comparable pensioner rebate profile percentage.
- In 2010/2011 Kempsey Shires outstanding rates and annual charges ratio was 4.86%. This result is low in comparison to similar Group 4 and Neighbouring Councils and is below the NSW average.
- The labour force participation rate of the population in Kempsey shows the rate is similar to that of the Mid North Coast Region and ranks fourth out of six of neighbouring councils.

- The relative household income level for the Kempsey Shire has improved for the bottom eight income bands between 2006 and 2011. In 2011 for the bottom eight income bands Kempsey had 66.49% of households earning up to \$1,250 per week compared to 62.51% of households earning up to \$999 per week in 2006.
- The Kempsey LGA has the lowest median weekly rent when compared to neighbouring councils with the median monthly housing loan repayment higher than Nambucca LGA, the same as Bellingen LGA and Greater Taree LGA whilst being significantly lower than Port Macquarie- Hastings LGA and Coffs Harbour LGA as well as the Mid North Coast Region.

### **Community information on the proposed SRV**

To date there has been 16 full page advertisements on the SRV included in the Happynings to provide information on the proposed increases, where to get more information and what Council will spend the funds on. This medium is the most effective tool in providing information to the community with a weekly distribution of 11,700

In addition comprehensive website material was developed including an online rates calculator including water, sewerage and waste charges being available. Residents that do not have access to the web can contact council and be provided information over the telephone. An online survey is also available to complete.

Seven Mayoral columns have been dedicated to informing the community of the need and information on the SRV. These columns appear in both the Happynings and the Argus. Seven articles in the newspaper have also covered the rate increase, community consultations at Kempsey and South West Rocks where held where staff has access to the online rates calculator. The General Manager presented to the Kempsey and District Chamber of Commerce. Radio interviews have been conducted at TANK and 2MC by the Mayor and General Manager.

A letter from the General Manager with supporting information was issued to all ratepayers on 4 February 2014. This letter was held over until after the holiday period to allow maximum focus by the community.

Additional information will be issued to the community over the coming weeks.