



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:	Gundagai Shire Council
Contact Details:	
Name:	Paul Luff
Position:	Director Finance & Administration
Telephone:	02 6944 0200
Email:	pluff@gundagai.nsw.gov.au

Expiring special variation

Does 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)	-\$250,272
2013/14 Adjusted Notional General Income	\$2,398,766
Percentage increase over 2013/14 (adjusted) Notional General Income:	16.60%
Term of special variation:	10 years
Rate peg increase to Notional General Income in 2014/15	\$55,172
Additional increase to Notional General Income in 2014/15	\$343,024
Crown land adjustments	
Total special variation increase to Notional General Income in 2014/15	\$398,196
Total Other Income Adjustments (catch ups/excess & valuation objections)	\$0
Total Permissible General Income 2014/15	\$2,796,962

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:	2,541.00	Total Rateable Land Value:	497,187,989	Sub-Total:	2,398,766
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Calculation of Notional General Income - 2013/14 - Special Rates

[illegible]

Gundagai Shire Council

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:

2,649,038

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
Farmland		934.00	0.483302			300.80	254.00	422,158,689	6,481,191	2,085,381
Residential		1,438.00	0.748078			300.80	482.00	66,282,270	9,020,213	573,350
Business		69.00	1.479887			474.00	2.00	9,092,840	29,810	135,071
Total Assessments:		2,441.00				Total Rateable Land Value:		497,533,799	Sub-Total:	2,793,802

Calculation of Notional General Income - Special Rates

Special Rates (Name)	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
Sub-Total:									0

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

2,793,802

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

NET 2014/15 Notional General Income

2,793,802

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 2,649,038

Less: Decrease from expiry of a prior special variation (250,272)

Adjusted first year Notional General Income \$ **2,398,766**

Plus: Rate-peg % increase 2.30% 55,172

Plus: Additional special variation % increase 14.30% 343,024

Plus: Crown Land adjustment 0.00%

Total special variation % **16.60%**

Other First Year Adjustments: 398,196

(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 \$ **2,796,962**

WORKSHEET 5

The aim of this sheet is to show the average rate increase in 2014/15 in each rating category and sub-category. It also compares average rates with and without the proposed special variation, and shows the impact of the proposed increases on different rate levels in the main ordinary rating categories. All ordinary rates and special rates must be included for the average rate calculations, even if the SRV percentage does not apply.

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

Impact on Average Ordinary Rates

[illegible]

Impact on Average Special Rates

[illegible]

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

Impact across the Ordinary Rates Distribution

Land Value Range (for assessment numbers)	No. of ordinary residential property assessments	No. of ordinary business property assessments	No. of ordinary farmland property assessments	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	2013/14	2013/14		2013/14	2014/15	2014/15	2014/15	2013/14	2014/15	2014/15	2013/14	2014/15
\$0 to \$99,999	1,354	142	221	\$50,000	\$258.00	\$300.80	\$263.93	\$456.15	\$474.00	\$466.64	\$258.00	\$300.80	\$263.93
\$100,000 to \$199,999	82	24	195	\$150,000	\$656.40	\$919.94	\$671.50	\$1,523.53	\$2,026.15	\$1,558.57	\$656.40	\$725.19	\$671.50
\$200,000 to \$299,999	1	3	113	\$250,000	\$1,094.00	\$1,533.24	\$1,119.16	\$2,539.22	\$3,376.91	\$2,597.62	\$1,094.00	\$1,208.65	\$1,119.16
\$300,000 to \$399,999			81	\$350,000	\$1,531.60	\$2,146.54	\$1,566.83	\$3,554.91	\$4,727.67	\$3,636.67	\$1,531.60	\$1,692.11	\$1,566.82
\$400,000 to \$499,999			53	\$450,000	\$1,969.20	\$2,759.83	\$2,014.49	\$4,570.60	\$6,078.44	\$4,675.72	\$1,969.20	\$2,175.57	\$2,014.49
\$500,000 to \$599,999			46	\$550,000	\$2,406.80	\$3,373.13	\$2,462.16	\$5,586.28	\$7,429.20	\$5,714.77	\$2,406.79	\$2,659.03	\$2,462.15
\$600,000 to \$699,999			43	\$650,000	\$2,844.40	\$3,986.43	\$2,909.82	\$6,601.97	\$8,779.96	\$6,753.82	\$2,844.39	\$3,142.49	\$2,909.81
\$700,000 to \$799,999			33	\$750,000	\$3,282.00	\$4,599.72	\$3,357.49	\$7,617.66	\$10,130.73	\$7,792.87	\$3,281.99	\$3,625.95	\$3,357.48
\$800,000 to \$899,999			34	\$850,000	\$3,719.60	\$5,213.02	\$3,805.15	\$8,633.35	\$11,481.49	\$8,831.92	\$3,719.59	\$4,109.40	\$3,805.14
\$900,000 to \$999,999			24	\$950,000	\$4,157.20	\$5,826.32	\$4,252.82	\$9,649.04	\$12,832.25	\$9,870.96	\$4,157.19	\$4,592.86	\$4,252.81
\$1,000,000 to \$1,499,999			41	\$1,250,000	\$5,470.00	\$7,666.21	\$5,595.81	\$12,696.10	\$16,884.54	\$12,988.11	\$5,469.99	\$6,043.24	\$5,595.80
\$1,500,000 to \$1,999,999			23	\$1,750,000	\$7,658.00	\$10,732.69	\$7,834.13	\$17,774.54	\$23,638.36	\$18,183.35	\$7,657.98	\$8,460.54	\$7,834.12
\$2,000,000 to \$2,999,999			17	\$2,500,000	\$10,940.00	\$15,332.41	\$11,191.62	\$25,392.20	\$33,769.09	\$25,976.22	\$10,939.98	\$12,086.48	\$11,191.59
\$3,000,000 and greater			10	\$3,000,000	\$13,128.00	\$18,398.89	\$13,429.94	\$30,470.64	\$40,522.90	\$31,171.46	\$13,127.97	\$14,503.78	\$13,429.91

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

Calculations for the Impact across the Ordinary Rates Distribution (with the proposed variation)

Land Value Range (for assessment numbers)	Share of ordinary residential property assessments % 2013/14	Share of ordinary business property assessments % 2013/14	Share of ordinary farmland property assessments % 2013/14	Land value (for calculation of rates)	Increase in Residential Rate		Increase in Business Rate		Increase in Farmland Rate	
					\$	%	\$	%	\$	%
\$0 to \$99,999	94.2%	84.0%	23.7%	\$50,000	\$42.80	16.59%	\$17.85	3.91%	\$42.80	16.59%
\$100,000 to \$199,999	5.7%	14.2%	20.9%	\$150,000	\$263.54	40.15%	\$502.61	32.99%	\$68.79	10.48%
\$200,000 to \$299,999	0.1%	1.8%	12.1%	\$250,000	\$439.24	40.15%	\$837.69	32.99%	\$114.65	10.48%
\$300,000 to \$399,999			8.7%	\$350,000	\$614.94	40.15%	\$1,172.76	32.99%	\$160.51	10.48%
\$400,000 to \$499,999			5.7%	\$450,000	\$790.63	40.15%	\$1,507.84	32.99%	\$206.37	10.48%
\$500,000 to \$599,999			4.9%	\$550,000	\$966.33	40.15%	\$1,842.92	32.99%	\$252.23	10.48%
\$600,000 to \$699,999			4.6%	\$650,000	\$1,142.03	40.15%	\$2,177.99	32.99%	\$298.09	10.48%
\$700,000 to \$799,999			3.5%	\$750,000	\$1,317.72	40.15%	\$2,513.07	32.99%	\$343.95	10.48%
\$800,000 to \$899,999			3.6%	\$850,000	\$1,493.42	40.15%	\$2,848.14	32.99%	\$389.81	10.48%
\$900,000 to \$999,999			2.6%	\$950,000	\$1,669.12	40.15%	\$3,183.22	32.99%	\$435.67	10.48%
\$1,000,000 to \$1,499,999			4.4%	\$1,250,000	\$2,196.21	40.15%	\$4,188.44	32.99%	\$573.25	10.48%
\$1,500,000 to \$1,999,999			2.5%	\$1,750,000	\$3,074.69	40.15%	\$5,863.82	32.99%	\$802.56	10.48%
\$2,000,000 to \$2,999,999			1.8%	\$2,500,000	\$4,392.41	40.15%	\$8,376.89	32.99%	\$1,146.51	10.48%
\$3,000,000 and greater			1.1%	\$3,000,000	\$5,270.89	40.15%	\$10,052.26	32.99%	\$1,375.81	10.48%

WORKSHEET 6**PROPOSED ADDITIONAL SPECIAL VARIATION INCOME AND EXPENDITURE**

This sheet shows how the council proposes to use the additional income from the special variation.

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.

Proposed Additional Special Variation Income and Expenditure											
	Year 1 2014/15	Year 2 2015/16	Year 3 2016/17	Year 4 2017/18	Year 5 2018/19	Year 6 2019/20	Year 7 2020/21	Year 8 2021/22	Year 9 2022/23	Year 10 2023/24	Sum of 10 years
INCOME											
SRV income above the rate peg	343,024	360,749	372,654	384,951	397,655	410,777	424,333	438,336.00	452,801.00	467,743.00	4,053,023.00
OPERATING BALANCE											
Change in Operating Balance	290,000.00	423,000.00	679,000.00	1,028,000.00	1,072,000.00	1,166,000.00	1,163,000.00	1,236,000.00	136,000.00	1,541,000.00	
OPERATING EXPENSES											
Change in Operating Expenses (includes loan interest costs)											
CAPITAL EXPENDITURE											
Main Street Redevelopment	1,000,000.00	2,000,000.00	1,000,000.00								4,000,000.00
OTHER USES OF SV INCOME eg loan principal repayments, transfers to reserves											
											0
Total use of special variation income	1,000,000.00	2,000,000.00	1,000,000.00								4,000,000.00
Difference between additional SRV income and its uses	-656,976	-1,639,251	-627,346	384,951	397,655	410,777	424,333	438,336	452,801	467,743	53,023