

**G.02.5 SPECIAL RATE VARIATION 2013/14****RECOMMENDATION:**

That Council:

1. Proceed to lodge an application for a Special Rate Variation of 2.5% annually over three (3) years above rate pegging, under S508(A) of the Local Government Act 1993 to fund improved road infrastructure in accordance with the intent of its resolution of 26 November 2012.
2. Carry out community consultation, including phone survey, in conjunction with the Community Strategic Plan and Delivery & Operational Plan.

**BACKGROUND:**

Council in 2011/12 looked at an option for a Special Rate Variation of 10% under S508(2) under the Local Government Act 1993. Council lodged the intention to submit an application to IPART and then carried out extensive community consultation in regard to the possibility of increasing its permanent rate base from 2012/13. Council resolved that it would not proceed with a Special Rate Variation application for 2012/13 but would review for future years.

Council at its meeting on 26 November 2012 resolved to advise IPART that Council may lodge an application for a Special Rate Variation of 2.5% annually over three (3) years above rate pegging.

Funding from the additional rate income will be used to:

- 1) Repay the loan repayments over the next ten (10) years on Council's approved application for subsidised interest under Round 1 of the Local Infrastructure Renewal Scheme totalling \$3.215 million.
- 2) Repay the loan repayments over a ten (10) year period on Council's application for subsidised interest under Round 2 of the Local Infrastructure Renewal Scheme totalling \$2.015 million.
- 3) Funding of other rural road and bridges infrastructure, as outlined in Council's current Delivery Program & Operational Plan.

Council at its meeting on 29 January 2013 resolved to defer making a decision until the February 2013 meeting so that a Councillor workshop could be conducted on the matter. The workshop was conducted on 18 February 2013 with all Councillors present.

**ISSUES:**

Council staff have lodged the appropriate notice with IPART as per Council's resolution of 26 November 2012 and have had a number of discussions with them on Council's application and the history to date.

The formal submission for a Special Rate Variation needs to be lodged with IPART by 11 March 2013. Council has limited time to complete the extensive requirements of the application.

Council has submitted projects under Round 1 & Round 2 of the Local Infrastructure Renewal Scheme totalling \$5.23 million with subsidised interest of 4% (under Round 1) and 3% (under Round 2). Council has already received approval for Round 1 and is still awaiting approval for Round 2.

The projects that will be funded under the Local Infrastructure Scheme are:

<b><u>Description</u></b>	<b><u>Amount</u></b>	<b><u>Round</u></b>
Broad Crossing (part)	\$800,000	1
Middlebrook Bridge	\$615,000	1
Doolans Gully Bridge	\$260,000	1
Coolibah Street	\$230,000	1
Koala Street	\$60,000	1
Short Street	\$100,000	1
Scott Street	\$195,000	1
St Aubins Street	\$400,000	1
Aberdeen Street	\$130,000	1
Haydon Street	\$100,000	1
Graeme Street	\$200,000	1
Mount Street	\$125,000	1

<u>Description</u>	<u>Amount</u>	<u>Round</u>
Garlands Bridge (Stewarts Brook Road)	\$530,000	2
Starrs Crossing (Timor-Crawney Road)	\$310,000	2
Sandy Creek Bridge (Sandy Creek Road)	\$85,000	2
Approach Walks	\$90,000	2
Rural Roads Sealed Rehabilitation	\$1,000,000	2

Council is currently negotiating with lending authorities to arrange for the loans under Round 1 totalling \$3.215 million. The loan repayments on Round 1 alone will be approximately \$444,000pa before the interest subsidy, and average \$379,000 after subsidy.

Repayments for Round 2 would be approximately \$275,000pa before the interest subsidy and an average \$243,000 after subsidy. The proposed Special Rate Variation of 2.5% above rate pegging progressively over three (3) years to Council's permanent rate base would generate approximately the following additional income from rates:

2013/14	\$210,000
2014/15	\$415,000
2015/16	\$635,000

#### **SUSTAINABILITY:**

The additional income is required to repay the subsidised Local Infrastructure Renewal Scheme applications totalling \$5.23 million plus additional infrastructure works. Without the additional income works programs will need to be reduced or expenditure in other areas reprioritised to fund repayment costs over the next 10-12 years.

#### **COMMUNITY INTERACTION:**

Community consultation, including a community survey, will continue in conjunction with the Community Strategic Plan and the Delivery Program & Operational Plan's Engagement.

Council has carried out extensive community consultation over an extended period of time on the need for a Special Rate Variation.

IPART have indicated that they are satisfied with the level of community engagement on the matter. They have also indicated that the Community Strategic Plan and associated community engagement does not have to be completed prior to lodging the application as long as it meets the Integrated Planning and Reporting requirements of being finalised prior to 30 June 2013.

The current level of Integrated Planning & Reporting meet all IPART requirements which include the adopted Delivery Program & Operational Plan 2012/13-2015/16 which includes a Special Rate Variation for 2013/14 and extensive Community Engagement conducted on both the Plan and Special Rate Variation.

#### **OPTIONS:**

To accept, amend or reject the recommendations.

Even if the application for a Special Rate Variation is approved by IPART Council still has the option to not proceed at the time of setting the rates in each year of the proposed Special Rate Variation.

#### **FINANCIAL CONSIDERATIONS:**

As per sustainability issues.

Enclosures:

Nil

#### **RESOLVED that Council:**

- 1. Proceed to lodge an application for a Special Rate Variation of 2.5% annually over three (3) years above rate pegging, under S508(A) of the Local Government Act 1993 to fund improved road infrastructure in accordance with the intent of its resolution of 26 November 2012.**
- 2. Carry out community consultation, including phone survey, in conjunction with the Community Strategic Plan and Delivery & Operational Plan.**

Moved: Cr L Watts

Seconded: Cr W Bedgood

CARRIED