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**THIS ITEM WAS PRESENTED TO THE ORDINARY MEETING OF
COUNCIL HELD ON TUESDAY 15th FEBRUARY, 2011.**

9. COUNCIL REPORT

Subject: Special Rates Variation Application – S508(2)

Author: Director Corporate Services

Conflict of Interest: Nil

RECOMMENDATION: That Council make an application to the Independent Pricing and Regulatory Tribunal (IPART) for a s508(2) special rate variation for the 2011/12 financial year being a 6% increase over and above rate pegging to be applicable to the mining rating category with such rate increase being allocated to the maintenance and upgrade of SR 22 (Braymont) and SR 157 (Hoad Lane).

Issues

- Insufficient rate revenue to maintain existing infrastructure.

Background

Nil.

Current Situation

Councillors are aware from previous reports and discussions that Council has a significant shortfall in revenue required to maintain Council's road network infrastructure.

The gap between what is needed to spend and what is currently allocated to road maintenance etc was estimated around \$5m per annum and increasing.

To obtain a special variation to general income above the rate peg amount Council must make application to IPART for review and assessment.

There are two distinct special variation options under the Local Government Act, 1993. These being:-

- A single year increase under section 508(2) or
- A multi-year increase (2-7yrs) under Section 508A.

Staff are seeking approval for a single year increase for 2011/12 and then it is proposed to undertake a multi-year increase in conjunction with the Integrated Planning and Reporting Framework (IP&RF) being completed for the 2012/13 financial year and beyond.

If the applications are successful, significant increase in rate revenue can be achieved over and above the annual rate peg limit. For example Moree Plains Shire Council was successful in their

multi-year application as part of their IP&RF generating an extra \$1m in 2010/11, \$2m in 2011/12 and \$3m in 2012/13 being allocated to their road network.

Should Council's s508(2) application be successful it is the intention to utilise the additional rate revenue on local roads heavily affected by the impact of the mining companies.

Discussion with relevant staff have indicated that SR22 (Braymont Road) and SR157 (Hoad Lane) would be the two Shire roads receiving the increase rate revenue for 2011/12.

As it is Council's intention to only affect the mining category, a consultation process will still need to be undertaken. Council will work closely with the mining companies through a number of meetings to communicate why a special rate variation is required.

A number of factors will be included in the submission to justify the rate increase. These being deterioration of road infrastructure from increase traffic generated by the mining companies, OH & S and risk management issues faced by both Council and the mining operations.

Attachments

Nil.

Financial Implications

The financial implication for Council would result in approximately an additional \$644,000 in rate revenue based on a 6% increase over and above the 2.8% rate peg limit set for 2011/12.

This would result in a total rate contribution from the mining category of \$1,124,129 and being 10% of the overall rate base (general rate only) for 2011/12.

In comparison the mining category contributed approximately \$399,908 or 3% of the total general rate revenue in 2010/11.

Statutory/Legal Implications

As stated above, under the Local Government Act, 1993, Council's are able to make an application for a special rate variation giving reasons/justification above the rate peg/limit.

Environmental Implications

Nil.

Management Plan/Strategic Plan

- Council will maintain essential road infrastructure.
- Council will pursue all avenues for additional funding to address deteriorating condition of Council's road infrastructure.

65/2011 RESOLVED on the motion moved by Councillor Etheridge/Bates that Council make an application to the Independent Pricing and Regulatory Tribunal (IPART) for a s508(2) special rate variation for the 2011/12 financial year being a 6% increase over and above rate pegging to be applicable to the mining rating category with such rate increase being allocated to the maintenance and upgrade of SR 22 (Braymont) and SR 157 (Hoad Lane) subject to a special variation consent from IPART.