

9. Special variation to general rate income: intention to apply

The Department of Local Government guidelines require councils intending to apply for a special variation to general rate income to pass a resolution prior to commencing the application procedure.

Group Manager Community and Relationships

BACKGROUND

10 The Department of Local Government (DLG) circular 09-07 provides guidelines for the lodgement of applications for councils seeking a special variation to general rate income for the 2009/10 financial year. For this year councils are required to lodge their intentions by 31 March 2009 or within two weeks of the Ministers rate pegging announcement, whichever is the later. Critical to the pre-lodgement process is the adoption by Council of a resolution to seek a special variation.

Council has workshopped over a number of weeks the opportunities available to support community and business endeavour in the Shire. The opportunity of raising some funds to support recreation and sporting area upgrades and utilise funding opportunities and in-kind support and the need to provide some funds to support business development and business infrastructure have been highlighted as high priorities.

20 The purpose of this report is to satisfy the requirement for a resolution of the Council to be made prior to lodging an application with the Department of Local Government.

Over the past three years Council has progressively approached a number of critical areas such as the library, gallery, weeds management, emergency services (including lifesaving), and infrastructure through special variation applications. The intention to continue this approach whilst taking account of the current economic environment outlines the intention to apply for a special variation of a much smaller quantum than in the past.

COUNCIL'S INTENTION TO LODGE AN APPLICATION

30 Following a series of Councillor workshops, consideration of budget matters, a meeting of sports groups and committees, the presentation from Sapphire Coast Tourism Ltd Board of a request for support it is the intention of Council to outline in the draft management plan its proposal to lodge a special variation to general rate income for the 2009/10 financial year. It is proposed that the special variation consist of two components:

- An amount of 50 cents per week to support sporting and recreational facility development applied to 17,912 residential and farmland properties.

- An amount of \$250,000 from business ratepayers to be allocated towards business and tourism infrastructure.

40 These funds will be identified and allocated to the specific areas of recreation and sporting facilities and business and tourism infrastructure into the future and will attract the rate pegging increase amount annually so that the base amount will grow accordingly.

All special variation applications must be lodged within two weeks of the announcement by the Minister for Local Government of the rate capping increase. Council can withdraw or revise its application at any time.

The application to be lodged by Council will be under Section 508(2) of the *Local Government Act 1993*.

The full details of the applications will be published in Council's draft Management Plan which will be presented to Council in April and be placed on public exhibition for a period of 28 days.

50 **INCLUSION OF THE VARIATION IN THE DRAFT 2009/10 MANAGEMENT PLAN**

Specific details of the special rate variation application will be included as a separate section in the draft 2009/10 Management Plan, which will be subject to a month of public exhibition prior to adoption. Council will formally consider placing the draft management plan on public exhibition at its meeting on 14 April 2009. Public comments on any aspect of the draft plan will be forwarded to the DLG as part of its assessment of Council's application.

ISSUES

Economic

60 The special variation as outlined will provide Council the opportunity to support important economic development activity and infrastructure in the Shire which it is unable to do currently due to the low Business Rate. Business/Commercial rates in the Bega Valley are considerably lower than comparable Shires for example on average about \$1000 less than Eurobodalla, \$600 less than Great Lakes and \$700 less than Clarence Valley.

With the raising of these funds Council will have the capacity to support important activity in this critical area that has not previously been available.

Asset

70 The recreation and sports ground funds will allow Council to work with the community to leverage additional funding and in-kind support and to strategically approach the

upgrading and asset development in this area. It is an area critical to the communities well being and one that has been under-resourced for many years.

Strategic

The special variations components allow the Council to commence to plan strategically in both these areas where previously little or no capacity to do this has been available.

Consultation

There will be considerable additional consultation in addition to that already undertaken with specific groups and across the Shire in relation to tis application.

Resources (including staff)

80 Staff in finance and the corporate area are involved in this important process.

Operational Plan

This process is part of development of the 2009/10 management plan and budget.

CONCLUSION

Council is required to pass a resolution prior to lodging an application for a special variation to general rate income. This report signals Council's intention to apply for a special variation to general rate income of 6.76%, including the rate capping increase calculated at 2% at this time.

It is proposed that the special variation consist of two components:

- 90 • An amount of 50 cents per week to support sporting and recreational facility development applied to 17,912 residential and farmland properties.
- An amount of \$250,000 from business ratepayers to be allocated towards business and tourism infrastructure.

RECOMMENDATION

That Council resolve to tae up the Ministerial rate pegging amount when announced.

That Council formally support the lodging of a special variation application which consist of two components:

- 100 • An amount of 50 cents per week to support sporting and recreational facility development applied to 17,912 residential and farmland properties.
- An amount of \$250,000 from business ratepayers to be allocated towards business and tourism infrastructure.
- The total rate increase to be 6.76 per cent inclusive of the rate pegging amount projected at this time as 2 per cent.

That Council acknowledges that the special variation will form part of the draft Management Plan for 2009/10 which will be formally considered by Council at its April meeting and will then be placed on public exhibition for comment.