



KYOGLÉ COUNCIL

EXTRAORDINARY MEETING AGENDA

**TO BE HELD AT KYOGLE COUNCIL CHAMBERS, STRATHEDEN
STREET, KYOGLE**

ON MONDAY 29 MARCH 2010

Commencing at 3.30 p.m.

GENERAL MANAGER: ARTHUR PIGGOTT

Dear Councillor,

In accordance with the provisions of the Local Government (General) Regulation 2005, you are hereby notified of the following **Extraordinary Meeting** to be held at the Kyogle Council Chambers, on **Monday 29 March 2010, at 3.30 p.m.**

DECLARATION OF PECUNIARY INTEREST

Councillors and Senior Staff are reminded to consider whether a Pecuniary Interest exists in any matter on the Agenda for this Meeting or raised during the course of the Meeting. The term "Pecuniary Interest" should be extended to include possible "conflicts of interest" and immediately declared prior to discussion of the Agenda item. Where a direct or indirect pecuniary interest exists, the member must refrain from commenting on or voting on the subject matter and must leave the Chamber.

BUSINESS

- | | |
|--------|-----------------------------------|
| Item 1 | Apologies |
| Item 2 | Opening Prayer |
| Item 3 | Traditional Lands Acknowledgement |
| Item 4 | Declaration of Interests |
| Item 5 | Report from General Manager |

ARTHUR PIGGOTT
GENERAL MANAGER

COUNCIL PRAYER

"Almighty God, Ruler of all the Nations, we ask for your blessing upon this Meeting of Council.

Give us your wisdom to work in harmony and direct and prosper all that we do to the advancement of your glory and the true welfare of the People of the Council Area.

AMEN

Adopted by Council on October 21, 1991.
Resolution 91 /G 1159

Note: Council Policy is for the Mayor or Chairperson to lead the Council Meeting in the Prayer at the start of the first Meeting of the day.

Council acknowledges that this meeting is being held on the Traditional Lands of the Bundjalung people and we acknowledge Elders, both past and present.

Adopted by Council on 11 December 2006.
Resolution 111206/21

DISCLAIMER

The advice or information contained within the Minutes enclosed with this Business Paper is given by the Council without liability or responsibility for its accuracy. Reliance cannot be placed on this advice or information until the Minutes have been duly accepted as an accurate record and confirmed by Resolution of Council.

(ARTHUR PIGGOTT),
GENERAL MANAGER.

EXTRAORDINARY MEETING AGENDA

Monday 29 March 2010

INDEX TO BUSINESS PAPER

ITEM	PRECIS	PAGE
5.1	2010/2011 Rates	1

ITEM 1 APOLOGIES

ITEM 2 OPENING PRAYER

ITEM 3 TRADITIONAL LANDS ACKNOWLEDGEMENT

ITEM 4 DECLARATION OF INTERESTS

Nil.

ITEM 5 GENERAL MANAGER 'S REPORT

5.1 2010/11 RATES

Summary/Purpose

This report presents information to Council regarding a proposed application to the Department of Local Government for a special variation to general income. This report also seeks a decision from Council regarding the amount that is to be included in the application for a special variation.

This report provides information regarding the proposed special rate. The application for a special variation was due to be submitted to the Department of Local Government by 26 March, 2010. Discussions were held with the Department on 19 March, 2010 and an extension has been granted for the submission of Councils application until 31 March, 2010.

Background Information

The total area of Kyogle Council is 358,900 Ha. This is made up of 262,795 Ha of rateable land and 96,105 Ha of non-rateable land. Of this non-rateable land 92,554 Ha (26% of the total area) is owned or controlled by State Forests and National Parks.

Council's ability to raise revenue through levying rates is restricted by Government "rate pegging" by which the Minister for Local Government announces the maximum permissible increase in rates each year. For the 2010/2011 the Department of Local Government has announced a 2.6% increase in terms of section 506 of the Local Government Act 1993.

As part of the Draft Management Plan process Council staff have prepared a revenue strategy for Ordinary Rates based on the rate pegging limit provided. The proposed Ordinary Rates for the 2010/2011 financial period are as shown in the table below.

CATEGORY	VALUATION (\$)	NUMBER OF PROPERTIES	BASE CHARGE	AD VALOREM RATE IN \$	ANTICIPATED YIELD (\$)
FARMLAND	916,076,870	1,955	173.00	0.221620	2,368,427
RESIDENTIAL	33,581,120	769	173.00	0.525103	309,372
RESIDENTIAL-KYOGLÉ	108,120,890	1,230	205.00	0.723970	1,034,913
RURAL RESIDENTIAL	154,027,820	820	173.00	0.334476	657,047
BUSINESS	5,538,670	91	173.00	0.392738	37,495
BUSINESS-KYOGLÉ	21,083,020	133	205.00	0.679581	170,540
TOTALS	1,238,428,390	4,998			4,577,794

Previous Council Consideration

At its Ordinary Meeting of 21 December, 2009, Council resolved (Resolution No. 211209/9);

That as part of the 2010/11 draft Management Plan process, staff include information relating to a new special rate to generate an additional \$220,000 per annum for stormwater and flood management on an ongoing basis.

Report

Special Rate for Stormwater and Flood Management

Council currently charges a \$25 Stormwater Management Charge as provided for in the Local Government Act which raises an amount of \$45,125 per annum. In order to charge any more than this amount, Council must abandon the \$25 Stormwater Management Charge and impose a Special Rate for the same purpose. As such, the full \$220,000 would need to be raised through a Special Rate. This increase (approx. \$175,000) would represent an 11.3% increase in rates over and above the pegged increase of 2.6% for the affected assessments.

Any Special Rate must contain an Ad-valorem component based on land valuation. The Special Rate can also contain a fixed Base Rate, but the maximum amount of revenue that can be generated by the Base Rate is 50% of the overall revenue.

A number of possible methods of calculating such a Special Rate to generate the required income from the assessments already paying the existing \$25 Stormwater Management Charge were modelled and presented to the Waste and Water Committee Meeting of March 10, 2010. These are summarised as;

Method 1			
Base Rate	\$50.00		
Ad Valorem Rate	0.0901740	Highest Charge	\$674.91
Total Income	\$220,000	Lowest Charge	\$53.76
Method 2			
Base Rate	\$25.00		
Ad Valorem Rate	0.1215355	Highest Charge	\$867.24
Total Income	\$220,000	Lowest Charge	\$30.07
Method 3			
Base Rate	\$0.00		

Ad Valorem Rate	0.1528965	Highest Charge	\$1,059.57
Total Income	\$220,000	Lowest Charge	\$6.38
Total Number of Assessments		1,805	
Total Land Valuation		\$143,888,540	
Average Charge per Assessment		\$121.88	

The cost breakdown between villages would be as follows;

Village	Total Land Value	Method 1 Charge	Method 1 %	Method 2 Charge	Method 3 Charge
BONALBO	\$4,420,980	\$12,287	5.6%	\$9,523	\$6,760
KYOGLE	\$124,052,560	\$175,863	79.9%	\$182,768	\$189,672
MALLANGANEE	\$2,579,900	\$5,126	2.3%	\$4,535	\$3,945
OLD BONALBO	\$951,600	\$2,858	1.3%	\$2,157	\$1,455
OLD GREVILLIA	\$731,700	\$1,360	0.6%	\$1,239	\$1,119
TABULAM	\$1,537,100	\$3,886	1.8%	\$3,118	\$2,350
WIANGARIE	\$2,851,900	\$4,822	2.2%	\$4,591	\$4,360
WOODENBONG	\$6,762,800	\$13,798	6.3%	\$12,069	\$10,340
TOTALS	\$143,888,540	\$220,000	100.0%	\$220,001	\$220,001

Effects of State Waste Levy

The majority of the properties that would be subject to the stormwater management charge will also be subject either a domestic or commercial waste management charge

A new state waste levy of \$10 per tonne of waste is payable by Kyogle Council to the NSW Government this financial year (2009/2010). The levy cost for the current year is being absorbed by Council on the basis that the majority of this levy will be returned to council by the State Government at the end of the year. For 2010/2011 this levy increases to \$20 per tonne with probably no return to Council.

As a result, for the 2010/2011 financial year, it is estimated that Council will have to pay a total of \$140,000 in waste levies to the State Government. Of this amount \$78,000 is related to domestic waste and \$62,000 relates to commercial/self delivered waste. This levy will need to be passed on via a user pays basis to ensure that operational, capital and rehabilitation costs are able to be met. This will result in an estimated increase of \$46 per domestic waste service or commercial waste charge (as well as significant increases to the gate entry fees).

It is considered that this increase along with the above special rate would cause too large an impost on the affected ratepayers.

An alternative would be to calculate a special stormwater and flood management rate which is the equivalent of a 5% increase above the pegged amount for the affected assessments. This would raise a total of approximately \$120,000 in total. Whilst, this amount does not meet the required \$220,000, it would provide funding to improve Council's efforts in addressing stormwater and flood management issues.

Possible methods of calculating such a special rate are summarised as follows:

Method 1			
Base Rate	\$30.00		
Ad Valorem Rate	0.0457646	Highest Charge	\$347.15
Total Income	\$120,000	Lowest Charge	\$31.91
Method 2			
Base Rate	\$25.00		
Ad Valorem Rate	0.0520368	Highest Charge	\$385.62
Total Income	\$120,000	Lowest Charge	\$27.17
Method 3			
Base Rate	\$0.00		
Ad Valorem Rate	0.0833979	Highest Charge	\$577.95
Total Income	\$120,000	Lowest Charge	\$3.48
Total Number of Assessments			1,805
Total Land Valuation			\$143,888,540
Average Charge per Assessment			\$66.48

The cost breakdown between villages would be as follows;

Village	Total Land Value	Method 1 Charge	Method 1 %	Method 2 Charge	Method 3 Charge
BONALBO	\$4,420,980	\$7,003	5.8%	\$6,451	\$3,687
KYOGL	\$124,052,560	\$95,172	79.3%	\$96,553	\$103,457
MALLANGANEE	\$2,579,900	\$2,861	2.4%	\$2,743	\$2,152
OLD BONALBO	\$951,600	\$1,636	1.4%	\$1,495	\$794
OLD GREVILLIA	\$731,700	\$755	0.6%	\$731	\$610
TABULAM	\$1,537,100	\$2,203	1.8%	\$2,050	\$1,282
WIANGARIE	\$2,851,900	\$2,655	2.2%	\$2,609	\$2,378
WOODENBONG	\$6,762,800	\$7,715	6.4%	\$7,369	\$5,640
TOTALS	\$143,888,540	\$120,000	100.0%	\$120,000	\$120,000

Special Rate for Rural Local Road Improvements

Since the Waste and Water Committee meeting of 10 March, 2010 there has been some discussion in relation to an additional special rate also being imposed to fund improvements to rural local roads. The basis for such a special rate is that it would be imposed on rateable assessments that are not subject to the proposed special rate for stormwater and flood management. This would mean that no rateable assessment would be subject to both special rates, but also that no rateable assessment would be subject to neither special rate. This would in effect spread the burden for any new special rate across the entire rateable assessments and enable Council to apply funding to two separate purposes of high priority benefiting each type of property principally on a "user pays" basis.

If there was to be an additional special rate imposed for rural local road improvements it is recommended that this be on a similar basis to the above.

A 5% increase for the affected assessments would raise an amount of approximately \$150,000 for this purpose.

For a Special Rate for Rural Local Road Improvements the following rate structure options were modelled;

Method 1			
Base Rate	\$25.00	Average Charge	\$51.16
Ad Valorem Rate	0.0071286	Highest	\$298.03
Total Income	\$150,000	Lowest	\$25.00
Method 2			
Base Rate	\$15.00	Average Charge	\$51.16
Ad Valorem Rate	0.0098537	Highest	\$392.40
Total Income	\$150,000	Lowest	\$15.00
Method 3			
Base Rate	\$0.00	Average Charge	\$51.16
Ad Valorem Rate	0.0139413	Highest	\$533.95
Total Income	\$150,000	Lowest	\$0.00
No of assessments			2,932
Total Land Value			\$1,075,943,390

Other Additional Information

In addition to the nature and value of the proposed changes to the rating structure to generate the revenue associated with a Special Variation to General Income, there a number of items of additional information required to be submitted with the application to the Department of Local Government. These include;

- Discussion on why the variation is necessary
- A detailed program of works for at least the first five years to be funded from the additional revenue stream
- Discussion on the benefits of the variation
- Discussion on the average impact on rates and charges
- Details of the measures Council proposes to limit the impact on vulnerable groups such as pensioners
- Details of the Draft Management Plan program and consultation process
- Details of other community engagement initiatives which relate to the proposed variation
- Views of the local Member of State Parliament regarding the proposed special variation
- Budget summaries in accordance with the Code of Accounting Practice income statement and balance sheet format for the current year and the following three years based on the following two scenarios;
 - Scenario 1 – The special variation is approved
 - Scenario 2 – The special variation is not approved
- Forecasts of Councils key financial performance indicators based on the two scenarios above including;
 - Unrestricted Current Ratio
 - Rates and Annual Charges Outstanding %

- Debt Service Ratio
- Asset Renewal Ratio
- Details of any borrowings for 2010/11 and explanation of why a special variation is being sought rather than undertaking borrowings.
- Details of any other options Council has examined to fund the proposed expenditure.
- Details of any productivity savings initiatives Council has made in the last two years to improve its financial sustainability
- Details of Asset Management Plans
- Details of the proposed timetable and progress towards completion of a Long Term Financial Plan for Councils activities

Recommendation

1. That the report on Application for a Special Variation to General Income be received and noted.
2. That Council lodges an application for a special variation to general income as follows:
 - Special rate(s) for stormwater and flood management of 5% (to replace the existing stormwater and flood management charge) on properties that are currently subject to a stormwater and flood management charge expected to generate approximately \$120,000 per annum on an ongoing basis.
 - Special rate(s) for rural local road improvements of 5% on properties classified as farmland and rural residential for rating purposes expected to generate approximately \$150,000 per annum on an ongoing basis.

