



**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 (Updated 6 May 2014)**

**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](http://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](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		-
<b>Less:</b> Decrease from expiry of a prior special variator	<input type="text"/>	-
Adjusted first year Notional General Income	\$	-
<b>Plus:</b> Rate-peg % increase	<input type="text"/>	-
<b>Plus:</b> Additional special variation % increase	<input type="text"/>	-
<b>Plus:</b> Crown Land adjustment	<input type="text" value="0.00%"/>	-
<b>Total special variation %</b>	<input type="text"/>	-
<b>Other First Year Adjustments:</b> (If known - Refer to advice from the Division)		-
<b>Plus/Minus</b> Prior year Catchup/Excess	<input type="text"/>	-
<b>Minus:</b> Prior year Valuation Objections	<input type="text"/>	-
Total Adjustments (excluding Crown land adjustments)		-
<b>2014/15 Permissible General Income</b>	\$	-
Total Notional General Income (WK3)		-
LESS: Valuation Objection income to be recouped in 2014/15 (WK3)	<input type="text"/>	-
<b>Net 2014/15 Notional General Income Yield</b>		-
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:

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*Issue Date: 09/13*



APPLICATION FOR SPECIAL VARIATION TO GENERAL INCOME

Section 508(2)

2014/2015

WORKSHEET 1

Part A

Council Name:

Contact Details:

Name:

Position:

Telephone:

Email:

**Expiring special variation**

Does the council have an existing special variation due to expire 30 June 2014?   
*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)	<input type="text" value="\$0"/>
2013/14 Adjusted Notional General Income	\$5,890,192
Percentage increase over 2013/14 (adjusted) Notional General Income:	<input type="text" value="11.80%"/>
Term of special variation:	<input type="text" value="Ongoing"/>
Rate peg increase to Notional General Income in 2014/15	\$135,474
Additional increase to Notional General Income in 2014/15	\$559,568
Crown land adjustments	<u>\$0</u>
Total special variation increase to Notional General Income in 2014/15	\$695,042
Total Other Income Adjustments (catch ups/excess & valuation objections)	<u>\$7,107</u>
Total Permissible General Income 2014/15	<u><u>\$6,592,341</u></u>

## 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)

Rating Category (s514-518)	Name of sub-category	Number of Assessments	Ad Valorem Rate	Base Amount \$	Base Amount %	Minimum \$	Number on Minimum	Land Value (see note above)	Land Value of Land on Minimum	Notional General Income
Residential	Rural	1,865.00	0.252806	375.00	35.73%			497,631,444		1,957,417
Business		132.00	0.210436	375.00	45.88%			27,741,721		107,879
Farmland		539.00	0.21239	375.00	20.31%			373,484,280		995,368
Residential	Dorrigo	540.00	0.301499	332.00	49.72%			60,136,580		360,591
Business	Dorrigo	94.00	0.345923	343.00	49.84%			9,379,660		64,688
Residential	Bellingen	1,298.00	0.250658	375.00	48.39%			207,141,610		1,005,967
Business	Bellingen	101.00	0.305514	375.00	33.92%			24,149,090		111,654
Residential	Urunga	1,176.00	0.278577	375.00	42.71%			212,380,100		1,032,642
Business	Urunga	66.00	0.318144	375.00	26.45%			21,628,960		93,561
Residential	Mylestom	178.00	0.209563	375.00	41.61%			44,700,000		160,425
<b>Total Assessments:</b>		<b>5,989.00</b>		<b>Total Rateable Land Value:</b>				<b>1,478,373,445</b>	<b>Sub-Total:</b>	<b>5,890,192</b>

### Calculation of Notional General Income - 2013/14 - Special Rates

2012/13 Special Rates (Name & which ratepayers)	Number of Assessments	Ad Valorem Rate	Base Amount \$	Base Amount %	Minimum \$	Number on Minimum	Land Value (see note above)	Land Value of Land on Minimum	Notional General Income

Sub-Total: 0



## 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
<b>Sub-Total:</b>			0

**Total 2013/14 Notional General Income:**

5,890,192

**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.



### 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
<b>Sub-Total:</b>			0

**Total 2014/15 Notional General Income** **6,585,235**

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

**NET 2014/15 Notional General Income** **6,585,235**

**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		5,890,192
<b>Less:</b>	Decrease from expiry of a prior special variation	-
Adjusted first year Notional General Income		\$ <b>5,890,192</b>
<b>Plus:</b>	Rate-peg % increase	2.30%
		135,474
<b>Plus:</b>	Additional special variation % increase	9.50%
		559,568
<b>Plus:</b>	Crown Land adjustment	0.00%
		-
	<b>Total special variation %</b>	<b>11.80%</b>
<b><u>Other First Year Adjustments:</u></b>		695,042
<small>(If known - Refer to advice from the Division)</small>		
<b>Plus/Minus:</b>	Prior year Catchup/Excess	7,107
<b>Minus:</b>	Prior year Valuation Objections	
	Total Adjustments (excluding Crown land adjustments)	7,107
<b>2014/15 Permissible General Income</b>		\$ <b>6,592,341</b>

## 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

Category	Sub-category	Current Average Rate 2013/14	Average rates in 2014/15 without SV	Annual \$ Increase	Annual % Increase	Average rates in 2014/15 with SV	Annual \$ Increase	Annual % Increase
Residential		\$0.00						
Residential	Rural	\$1,049.55	\$1,073.69	\$24.14	2.30%	\$1,173.40	\$123.85	11.80%
Business		\$817.26	\$836.06	\$18.80	2.30%	\$913.70	\$96.44	11.80%
Farmland		\$1,846.69	\$1,889.17	\$42.48	2.30%	\$2,064.60	\$217.91	11.80%
Residential	Dorrigo	\$667.76	\$683.12	\$15.36	2.30%	\$746.56	\$78.80	11.80%
Business	Dorrigo	\$688.17	\$704.00	\$15.83	2.30%	\$769.38	\$81.21	11.80%
Residential	Bellinghen	\$775.01	\$792.84	\$17.83	2.30%	\$866.46	\$91.45	11.80%
Business	Bellinghen	\$1,105.48	\$1,130.91	\$25.43	2.30%	\$1,235.93	\$130.45	11.80%
Residential	Urunga	\$878.10	\$898.29	\$20.19	2.30%	\$981.71	\$103.61	11.80%
Business	Urunga	\$1,417.59	\$1,450.20	\$32.61	2.30%	\$1,584.87	\$167.28	11.80%
Residential	Mylestom	\$901.26	\$921.99	\$20.73	2.30%	\$1,007.61	\$106.35	11.80%

### Impact on Average Special Rates

Special Rate	Current Average Rate 2013/14	Average rates in 2014/15 without SV	Annual \$ Increase	Annual % Increase	Average rates in 2014/15 with SV	Annual \$ Increase	Annual % Increase

Has the council had a general land revaluation in Year 0?:

Where a council has received a general land revaluation in the current year, the increase in rates between between the current year and Year 1 in the tables below will not be indicative of ratepayer impact. Please complete the tables using the number of assessments from the first year of the special variation period (Year 1) in the columns for year 1 only (year 1 with and without special variation).

**Impact across the Ordinary Rates Distribution**

Land Value Range (for assessment numbers)	No. of ordinary residential property assessments 2013/14	No. of ordinary business property assessments 2013/14	No. of ordinary farmland property assessments 2013/14	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	2014/15	2014/15	2013/14	2014/15	2014/15	2013/14	2014/15	2014/15
\$0 to \$99,999	Please refer to Attachment 1			\$50,000									
\$100,000 to \$199,999	Please refer to Attachment 2			\$150,000									
\$200,000 to \$299,999				\$250,000									
\$300,000 to \$399,999				\$350,000									
\$400,000 to \$499,999				\$450,000									
\$500,000 to \$599,999				\$550,000									
\$600,000 to \$699,999				\$650,000									
\$700,000 to \$799,999				\$750,000									
\$800,000 to \$899,999				\$850,000									
\$900,000 to \$999,999				\$950,000									
\$1,000,000 to \$1,499,999				\$1,250,000									
\$1,500,000 to \$1,999,999				\$1,750,000									
\$2,000,000 to \$2,999,999				\$2,500,000									
\$3,000,000 and greater				\$3,000,000									

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	#VALUE!			\$50,000						
\$100,000 to \$199,999	#VALUE!			\$150,000						
\$200,000 to \$299,999				\$250,000						
\$300,000 to \$399,999				\$350,000						
\$400,000 to \$499,999				\$450,000						
\$500,000 to \$599,999				\$550,000						
\$600,000 to \$699,999				\$650,000						
\$700,000 to \$799,999				\$750,000						
\$800,000 to \$899,999				\$850,000						
\$900,000 to \$999,999				\$950,000						
\$1,000,000 to \$1,499,999				\$1,250,000						
\$1,500,000 to \$1,999,999				\$1,750,000						
\$2,000,000 to \$2,999,999				\$2,500,000						
\$3,000,000 and greater				\$3,000,000						

