

Kiama Municipal Council – 2022-23 additional special variation

17 May 2023

1 What is an additional special variation?

In early 2022, the Office of Local Government announced a one-off 'additional special variation' (ASV) process to address the high inflation environment and global uncertainty that increased councils' costs.

The ASV process was a streamlined version of the standard special variation process.^a Councils were required to demonstrate that without additional funds they would not be able to deliver the projects they have already consulted on and included in their budgets.

Of the 86 councils that applied for an additional special variation, Kiama Municipal Council was the only one that applied for a temporary ASV.

2 Kiama's 2022-23 ASV application

Kiama Municipal Council applied for, and was granted, a **temporary** ASV of 2.5% for the 2022-23 rating year.

This is consistent with the [council resolution](#). There was an anomaly in the [council's application](#) but we clarified this with Kiama Municipal Council at the time. Council confirmed that its application form specifying a permanent ASV was submitted in error and that it [intended to apply for a temporary ASV](#).

3 Effect on the rate peg

Without the ASV, Kiama Municipal Council could only have increased its general income by the rate peg applicable to Kiama Municipal Council in the 2022-23 rating year (1.6%).

^a See OLG, *22-03 Guidelines for Additional Special Variation (ASV) Process for 2022-23* (7 March 2022) <<https://www.olg.nsw.gov.au/council-circulars/22-03-guidelines-for-additional-special-variation-asv-process-for-2022-23/>>.

The ASV was subject to a condition that the council reduce its general income for the 2023-24 rating year to what it would have been, had the council only increased its general income in the 2022-23 rating year by the applicable rate peg (1.6%). This condition is what made the ASV 'temporary'.

This is a one-off reduction. Once the council has reduced its general income to the required level it may then apply the full rate peg to that reduced base. The rate peg applicable to Kiama Municipal Council for the 2023-24 rating year is 5.1%.

No further adjustments to council's general income are required due to this ASV.