

Special Rate Variation Application



Kiama Municipal Council has 2 existing special variations which allowed it to increase its general income by 6.5% in both 2009/10 and 2010/11.

These special variations are due to expire in June 2013 and June 2014. If these special variations cease, increasing costs and deteriorating infrastructure would mean that Council would be forced to review the current level of services it provides. This may result in a reduction of service levels, or quality, and a gradual decline of our core infrastructure.

In contrast, by maintaining our current rating base we will ensure that we can continue to provide our high levels of service and continue with our infrastructure renewal program to ensure an acceptable standard is maintained.

Why Are We Seeking this Application?

Currently Council faces a nine million dollar infrastructure backlog between our current expenditure and the amount required to bring all infrastructure (community facilities, roads, drains, footpaths, cycleways, etc) up to a satisfactory standard.

To retain the current rate base, which will ensure we can maintain our current service levels and continue with our infrastructure renewal program, the council is seeking a new special variation of 9.74% to replace the revenue from these expiring special variations. An application is due to the Independent Pricing and Regulatory Tribunal in March.

What This Means For Ratepayers

This increase is calculated by first reducing the two existing special variations that are due to expire and then calculating the percentage required to bring the rating income back up to what it would be if the special variations were still in place, along with the 2013/14 NSW rate peg increase of 3.40% (which applies to all Local Councils in NSW).

However the impact on ratepayers for the 2013/2014 rates would only be the 3.40% increase, which is the rate peg for 2013/14 set by the NSW Government.

Residential Rates Example (based on available rate modelling information)

Current Average Rate 2012/13	Average rates in 2013/14 with retention of Special Variation	Annual \$ Increase	Annual % Increase
\$1,287.75	\$1,331.49	\$43.74	3.40%

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If approved, this special rate variation will generate \$781,000 in the 2013/14 year which will be used to realise Council's infrastructure asset renewal program.

This program is developed as part of Council's Asset Management Plan and includes maintenance of roads, footpaths, kerb and guttering, buildings, playgrounds and stormwater drainage. Funds from the special rate variation in future years will be also used for this purpose.

Should Council be unsuccessful in its application for the special variation, the average residential rates for 2013/14 will be \$1,292.48.

Background Information

The council undertook extensive community consultation in 2009 and early 2010 and made applications to increase its general income for each of the next four (4) years by 6.5%.

Due to the pending Integrated Planning process each council was required to undertake, the Minister provided only a limited approval for Council to increase its rates by 6.5% for two years (the 2009/2010 and 2010/2011 financial years). The variations for 2013/2014 and 2014/2015 were not approved.

It was expected the Council would apply for the additional two (2) years of 6.5% rate rises following the completion of the Integrated Planning process involving the preparation of a Community Strategic Plan and long-term financial plan.

However, following the implementation of a number of efficiencies by Council and the availability of low interest loans for infrastructure improvements by the new NSW Government, Council has recently resolved to not proceed with the additional two (2) years of 6.5% rate increases while seeking to retain the rate base provided by the 2009/2010 and 2010/2011 rate increase.

Instead the council is seeking to maintain the existing rate base by continuing the approved special variations due to expire.

The Independent Pricing and Regulatory Tribunal will make a determination regarding Council's application by June 2013.



For more information please contact Kiama Council on (02) 4232 0444 or visit www.kiama.nsw.gov.au