

Media release

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SHOALHAVEN SPECIAL RATE VARIATION LIMITED TO 1 YEAR

The Independent Pricing and Regulatory Tribunal (IPART) has partially approved Shoalhaven City Council's application to increase general income above the rate peg from 1 July 2017.

Instead of a permanent cumulative increase of 29.05% over two years, IPART has granted Shoalhaven City Council a temporary 1-year increase in general income of 13.2%, including the 1.5% rate peg. The increase above the rate peg is to be removed at the end of 2017-18.

IPART Chair Dr Peter Boxall said the decision enables the council to implement its Delivery Program in 2017-18, whilst considering whether to reapply for another special variation in future years.

"Special variations are designed to give councils the flexibility to generate additional income above the rate peg to meet their specific needs, with an independent process to assess the increase," Dr Boxall said.

"In the case of Shoalhaven City Council, we are satisfied that the council has demonstrated the need for additional revenue to ensure its financial sustainability and to fund increased infrastructure maintenance and renewal, including funding for Verons Estate.

"But we are not satisfied that the Integrated Planning and Reporting (IP&R) documents that were exhibited and adopted were sufficient for this application, as they proposed a much smaller increase than the one the council applied for. This reduced the ability of the community to properly consider the extent and impact of the proposed increase."

The application was assessed by IPART against the NSW Government's published criteria, which requires the council to make the community aware of the proposed increase and to consider the community's capacity and willingness to pay the requested increase.

The published criteria emphasise the importance of IP&R documents as a key method for councils to consult with the community on the proposed rate increase.

Submissions received directly from ratepayers, community groups, business groups and other stakeholders were also considered.

"Based on the council's application, we estimate that in 2017-18, the average residential rate will increase by \$136 in 2017-18, the average business rate by \$230 and the average farmland rate by \$268. Rates in 2018-19 will reduce unless another special variation is sought and approved," Dr Boxall said.

The impacts on individual ratepayers may vary due to land valuations and the decisions by the council about how to allocate rate changes amongst its community.

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More information is available at ipart.nsw.gov.au

IPART has attached conditions to the approval requiring the additional income to be used for the purposes outlined in the application, and that the council report to its community about how the additional revenue is spent.

Shoalhaven City Council is among 8 councils across NSW (of a total of 128) to make a special variation application to increase rates for 2017-18. IPART approved 4 applications in full, declined 2 applications and 2 applications were partially approved.

The full reports on the councils' applications are available on IPART's website <<http://www.ipart.nsw.gov.au>>.

Shoalhaven City Council – special variation summary

Requested special variation	29.05% cumulative increase over 2 years to be retained permanently in the rate base.
Approved increase (including rate peg)	13.2% temporary increase for 1 year only.
Increase in the average residential rate 2017-18 (\$)	\$136
Summary of purpose	Fund new infrastructure investment, reduce infrastructure backlogs and improve financial sustainability.

Note: All percentages include the 1.5% rate peg applicable to all NSW councils in 2017-18, and the rate peg in subsequent years.