

CAMPBELLTOWN CITY COUNCIL'S SPECIAL RATE VARIATION APPROVED

3 June 2014

The Independent Pricing and Regulatory Tribunal (IPART) has approved Campbelltown City Council's application to increase general income by more than the rate peg amount of 2.3% to improve local roads, buildings and public spaces.

The council applied for a permanent increase of 11% (including the rate peg) from 1 July 2014. The increase will generate an additional \$67.6 million above the rate peg over the next 10 years which will partially fund a planned \$88 million capital works, maintenance and debt repayment program. The remaining funds will come from borrowings and transfer from council's reserves.

In approving the council's application, IPART has imposed conditions requiring that the additional income be used for the purposes outlined in the application, and that the council report to the community in its Annual Report each year until 2023/24 on the outcomes achieved.

IPART Chairman Peter Boxall said the council's application was assessed against the NSW Government's published criteria. Submissions received directly from ratepayers, community groups, business groups and ratepayer associations were also considered.

"IPART has decided to approve the special variation in full, allowing Campbelltown City Council to increase its general income from rates by 8.7% above the rate peg from 1 July 2014 and to maintain it at this new base level in the future," Dr Boxall said.

Through the rate peg and special variation process, IPART determines the increases to councils' general income. Councils decide how to allocate the increase among all their different ratepayer categories, such as residential, business and rural lands.

Based on Campbelltown City Council's application, average ordinary residential rates will increase, including the rate peg increase, by \$112 or 9% above the rate peg in 2014/15, business rates by \$590 or 8% above the rate peg, farmland rates by \$625 or 7.8% above the peg, and mining rates by \$464 or 7.5% above the rate peg.

Dr Boxall said 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 assessment process to approve the increase.

"In making this decision, we are conscious that concerns have been raised both with the council and with IPART about affordability of the increase, community consultation, alternatives to a rates increase and the need for the council to reduce operating expenses," Dr Boxall said.

“Each of these issues has been carefully considered and we have determined that Campbelltown City Council’s application meets the criteria for approval of the special variation by demonstrating a clear need for the additional revenue, that they had appropriately engaged the community about the proposed rate increases, and that they are taking steps to improve productivity and contain costs.

“In making this assessment, we also considered the council’s long term financial plan and whether the impact of the variation on affected ratepayers is reasonable, and are comfortable that the council was able to demonstrate that it has weighed up community concerns against alternatives to the increases sought, and that the impact on ratepayers has been considered,” Dr Boxall said.

Campbelltown City Council is one of 32 councils that made an application for a special variation of the 152 councils in NSW. Twenty-eight applications were approved in full, 1 was declined and 3 applications were partially approved. IPART also approved 2 applications for increases to minimum rates and 3 applications for Crown Land adjustments.

The full report on Campbelltown City Council’s application is available on the IPART website at www.ipart.nsw.gov.au.

Campbelltown City Council – special rate variation summary

Increase in 2014/15 (including rate peg)	11%
Residential rates \$ increase 2014/15	\$112
Summary of reasons	To fund asset maintenance and renewals to eliminate infrastructure backlogs.
Total cumulative increase (including rate peg)	11%

Media contact: Julie Sheather (02) 9290 8403 or 0409 514 643