

CESSNOCK CITY COUNCIL SPECIAL RATE VARIATION APPROVED

10.00am, Tuesday 11 June 2013

The Independent Pricing and Regulatory Tribunal (IPART) has approved Cessnock City Council's application to increase its general income by more than the rate peg amount of 3.4% for one year, to fund the continuation of its road improvements program.

The approved increase of 9.45% (6.05% above the rate peg) will replace an existing special variation for an equivalent amount that will end on 30 June 2013. The increase above the rate peg will generate \$1.7 million in 2013/14. The additional income will allow the council to continue a road works program that relates to the expiring special variation.

IPART Chairman Dr Peter Boxall said the council's application was assessed against the NSW Government's published criteria.

"After assessing the application, IPART has decided to approve the special variation in full," 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 farmland.

"Based on Cessnock City Council's application, we estimate that the average general residential rate will increase by \$34, and that the average rural residential rate will increase by \$59 in 2013/14."

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 determine if the increase is realistic, justifiable and affordable.

"Cessnock City Council was able to meet the criteria for approval of the special variation and demonstrated a clear need for the additional revenue, that it had appropriately engaged the community about the proposed rate increases, and that it is taking steps to improve productivity and contain costs," he said.

"We considered the council's long term financial plan and whether the impact of the variation on affected ratepayers is reasonable."

"We also considered the priority placed on roads by the community and the importance of the road network to the local economy."

In approving the council's application, IPART has imposed conditions requiring that the additional income is used for the purposes outlined in the application, and that the council reports to the community in its Annual Report for the rating year 2013/14 on the outcomes achieved.

Cessnock City Council's application is one of 23 applications for special variations IPART received from NSW's 152 councils this year. IPART also received an application from Gundagai Shire Council to increase a minimum rate. Twenty-one applications were approved in full and 3 applications were partially approved.

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

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