

KIAMA MUNICIPAL COUNCIL SPECIAL RATE VARIATION APPROVED

10.00am, Tuesday 11 June 2013

The Independent Pricing and Regulatory Tribunal (IPART) has approved Kiama Municipal Council's application to increase its general income by more than the rate peg amount of 3.4% to continue a program of road renewal expenditure.

The approved increase of 6.34% above the rate peg will replace two existing special variations for an equivalent amount that were to end on 30 June 2013 and 30 June 2014. The net impact of these changes is that average rates will increase in line with the 3.4% rate peg increase available to all councils.

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, and allow the council to retain the increase permanently in its rates base," 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 Kiama Municipal Council's application, we estimate that the average residential rate will increase by \$44 in 2013/14, which is in line with 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 determine if the increase is realistic, justifiable and affordable.

"Kiama Municipal Council was able to meet the criteria for approval of the special variation and demonstrated a clear need for the additional revenue to fund road renewals, that it had appropriately engaged the community about the proposed rate increases, and that it has undertaken productivity improvements to reduce overall council costs," he said.

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

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 each year until 2023 on the outcomes achieved from the expenditure.

Kiama Municipal 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 Kiama Municipal Council application is available on the IPART website at www.ipart.nsw.gov.au.

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