

KOGARAH CITY COUNCIL SPECIAL RATE VARIATION APPROVED

10.00am, Tuesday 11 June 2013

The Independent Pricing and Regulatory Tribunal (IPART) has approved Kogarah City Council's application to increase its general income by more than the rate peg amount of 3.4% over the next 4 years.

After assessing the application, IPART has decided to approve the special variation in full, allowing Kogarah City Council to increase its general income from rates by an average of 2.2% per year above the rate peg for the next 4 years, and to maintain its general income at this new base level in the future. The special variation will generate additional revenue from rates of \$4.9 million above the rate peg over the next 4 years.

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

"This is a moderate increase over 4 years that will give the council greater financial certainty to implement its integrated plans which were developed with the community," Dr Boxall said.

"It will also allow the council to improve its financial position and maintain current programs, services and asset maintenance."

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 Kogarah City Council's application, we estimate that the average residential rate will increase by \$27 (less than the rate peg amount) in 2013/14, and by a total of \$178 by 2016/17."

Dr Boxall said special variations are designed to give councils the flexibility they need 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.

"Kogarah 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 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 2022 on the outcomes achieved.

Kogarah 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 Kogarah City Council application is available on the IPART website at www.ipart.nsw.gov.au.

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