

RANDWICK CITY COUNCIL SPECIAL RATE VARIATION APPROVED

10.00am, Tuesday 11 June 2013

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

The council applied for average increases of 0.49% above the rate peg for each year to 2016/17, which will generate an additional \$2.8 million above the rate peg over the next 4 years. The council plans that this extra rate revenue will help fund the management of community assets such as parks, roads, footpaths and drainage in line with its 2013-17 Delivery Program.

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

"IPART has decided to approve the special variation in full, allowing Randwick City Council to increase its general income from rates by a cumulative total of 2.16% above the rate peg over the next 4 years, and to maintain its general income at this new base level in the future," Dr Boxall said.

"The modest increase above the rate peg provides a revenue path for the council over the next 4 years, and gives the council greater financial certainty to implement its integrated plans which were developed with the community."

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 Randwick City Council's application, we estimate that the average residential rate will increase by \$36 in 2013/14, and by a total of \$152 by 2016/17. This is only slightly higher than increases due to 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.

"Randwick City Council was able to meet the criteria for approval of the special variation. The council demonstrated that it had appropriately engaged the community about the proposed rate increases, and 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 each year in its Annual Report until 2023 on the outcomes achieved.

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

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