

SHELLHARBOUR CITY COUNCIL SPECIAL RATE VARIATION APPROVED

10.00am, Tuesday 11 June 2013

The Independent Pricing and Regulatory Tribunal (IPART) has approved Shellharbour City Council's application to increase its general income by more than the rate peg amount of 3.4% to help fund infrastructure renewal and improve financial sustainability.

The council applied for increases in its general income of between 8% and 10% in each of the next 4 years, amounting to an additional 43%, including the rate peg. The funds are to be used to address a backlog in infrastructure maintenance and renewal including for buildings, roads, footpaths, stormwater and drainage and sport and recreation facilities

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

"After assessing the application, IPART has decided to approve the special variation in full, allowing Shellharbour City Council to increase the level of its general income from rates by 30% above the rate peg over four years, and to maintain its general income at this new base level in the future," Dr Boxall said.

"The decision will generate additional general income of \$19.5 million above the rate peg over the next 4 years.

"Our assessment shows that while this is a large percentage increase, the need for the increase was demonstrated, and will allow the council to prevent further deterioration in its assets and to improve its financial position."

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 the Shellharbour City Council's application, we estimate that the average residential rate will increase by \$88 in the first year, and by a total of \$448 by 2016/17 (including 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.

"Shellharbour City Council was able to meet the criteria for approval of the special variation and demonstrated a 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 have specifically excluded the council using the additional income from the special variation for the City Hub project.

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

IPART has imposed conditions in approving council’s application, requiring that the additional income is used only for the purposes outlined in the application, and that the council reports to the community each year in its Annual Report to 2023 on the outcomes achieved.

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

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