

SHOALHAVEN CITY COUNCIL SPECIAL RATE VARIATION APPROVED

10.00am, Tuesday 11 June 2013

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

The council applied to increase its general income by 8% (4.6% above the rate peg) in 2013/14, and to retain the increase permanently in its rates base. The increase will generate an additional \$2.35 million in 2013/14. The additional funds will be used for road resealing (\$1.85m) and footpath renewal (\$0.5m) in 2013/14, with further works planned to address council's \$37 million infrastructure backlog over the next 10 years.

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.

"IPART has decided to approve the special variation in full, allowing Shoalhaven City Council to increase its general income from rates by 8%, including the rate peg, in 2013/14 and to maintain its general income at this new base level in the future," 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 Shoalhaven City Council's application, we estimate that the average residential rate will increase by \$70 in 2013/14."

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.

"Shoalhaven 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 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."

"Some members of the Shoalhaven community have raised concerns with the council and IPART about the need for this additional income. However, our decision involved a judgment taking into account the need to maintain assets adequately and the capacity of ratepayers to pay the requested increase."

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.

Shoalhaven 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 change a minimum rate. Twenty-one applications were approved in full and 3 applications were partially approved.

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

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