## Media Release



Independent Pricing and Regulatory Tribunal

## MOSMAN MUNICIPAL COUNCIL'S SPECIAL RATE VARIATION APPROVED 19 May 2015

The Independent Pricing and Regulatory Tribunal (IPART) has approved Mosman Municipal Council's application to increase general income by more than the rate peg amount of 2.4% to improve local roads, parks and public spaces and the financial sustainability of the council.

The council applied for a permanent increase of 13% from 1 July 2015, including the rate peg. The increase will generate an additional \$20.3 million above the rate peg over the next 10 years which will fund asset maintenance and renewal and improve the council's financial sustainability.

IPART Chairman Peter Boxall said the increase replaces an existing levy of 5% for environmental works that will expire on 30 June 2015.

In approving the council's application, IPART has imposed conditions requiring that the additional income be used for the purposes outlined in the application, and that the council report to the community in its Annual Report each year until 2024-25 on the outcomes achieved.

"IPART has decided to approve the special variation in full, allowing Mosman Municipal Council to increase its general income from rates by 10.6% above the rate peg from 1 July 2015 and to maintain it 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 and business.

Based on Mosman Municipal Council's application, average ordinary residential rates will increase by \$97 in 2015-16 and business rates by \$243.

"These increases in average rates in 2015-16 are lower than the 13% approved because the 2015-16 special variation will also replace a current environmental levy that ratepayers are already paying. Although it was due to end in 2016-17, the council has decided to finish the environmental levy this year", Dr Boxall said.

The council's application was assessed against the NSW Government's published criteria.

Dr Boxall said special variations are designed to give councils the flexibility to generate additional income over the rate peg to meet their specific needs, with an independent assessment process to approve the increase.

"Mosman Municipal Council was able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue and that it had appropriately engaged the community about the proposed rate increases," he said.

"In making this assessment, we also considered the council's long term financial plan and whether the impact of the variation on affected ratepayers is reasonable."

Mosman Municipal Council is 1 of the 22 councils that made an application for a special variation of the 152 councils in NSW. IPART approved 21 applications in full and 1 was partially approved.

The full report on Mosman Municipal Council's application is available on IPART's website <a href="http://www.ipart.nsw.gov.au">http://www.ipart.nsw.gov.au</a>.

## Mosman Municipal Council – special variation summary

| Increase in 2015-16 (including rate peg)       | 13%  |
|--|--|
| Increase in average residential rates          | \$97   |
| 2015-16 (\$)                                   |  |
| Summary of purpose                             | To renew infrastructure and reduce backlogs and to improve financial sustainability. |
| Total cumulative increase (including rate peg) | 13%  |

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