

SOUTH COAST LOCAL COUNCIL RATE APPLICATIONS APPROVED

19 May 2015

The Independent Pricing and Regulatory Tribunal (IPART) has approved applications from Eurobodalla Shire Council and Shoalhaven City Council to increase general income above the rate peg of 2.4% from 1 July 2015.

The 2 councils in the south coast region are among 22 councils that made an application for a special variation in 2015-16, of a total 152 councils in NSW. IPART approved 21 applications in full and 1 was partially approved.

Eurobodalla Shire Council has received approval for 3 consecutive increases of 6.37% from 2015-16 to 2017-18, including the rate peg, to be retained in its rates base permanently.

IPART has approved Shoalhaven City Council's application for an increase in 2015-16 of 3.89%, including the rate peg, to be retained in the rates base for 10 years. This increase will be levied as a special rate on the landowners in the Jerberra Estate only.

In approving Eurobodalla and Shoalhaven City councils' applications, IPART has imposed conditions requiring that the additional income be used for the purposes outlined in their applications, and that each council report to the community each year from 2015-16 to 2024-25 on the outcomes achieved.

IPART Chairman Peter 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 approve the increase.

Applications are assessed by IPART against the NSW Government's published criteria, with submissions received directly from ratepayers, community groups, business groups and ratepayer associations also considered.

"In making these assessments, we have considered each council's long term financial plan, taking into account the financial need of the council and the capacity and willingness of ratepayers to pay the requested increase," Dr Boxall said.

"Each of these councils were able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue in their Integrated Planning and Reporting documents, that they had appropriately engaged the community about the proposed rate increases, and that they are taking steps to improve productivity and/or contain costs.

"Although their communities were divided about the increases, the councils have demonstrated that they have provided opportunity for input, and that they have considered the impact on ratepayers."

Through the rate peg and special variation processes, IPART determines the allowable increases to councils' general income. Councils decide how to allocate the increase among different ratepayer categories, such as residential, business and farmland.

Eurobodalla Shire Council

Eurobodalla Shire Council will be able to increase rates by a cumulative 20.35% (including the rate peg) over the next 3 years. This increase will be retained permanently. The decision enables the Council to generate an extra \$27.7 million over 10 years to improve local roads, sportsgrounds, parks and public spaces and to upgrade Batemans Bay CBD and Moruya Airport terminal.

"Based on the council's application, average residential rates would increase by \$53 in 2015-16, business rates by \$188, and farmland rates by \$85," Dr Boxall said

"The council and IPART received submissions both opposing and supporting the special variation," Dr Boxall said.

"We noted that the council had conducted an extensive consultation process about the proposed rate increases and that it is taking steps to contain costs. Eurobodalla Shire Council has responded to community concerns about rate increases by applying for a smaller increase than it had consulted on."

Shoalhaven City Council

Shoalhaven City Council applied to increase its general income from 1 July 2015 by 3.89%, including the rate peg, and to maintain this increase for 10 years.

This increase will be levied as a special rate on the landowners in the Jerberra Estate only. It will help the Council to service a loan funding infrastructure works for the Estate, including an electricity network that will enable development of the Estate. This special rate will replace the existing special rate for road construction.

"The infrastructure required in the Jerberra Estate would usually be provided by a developer, however the land in this estate has been previously subdivided and there is no developer," Dr Boxall said.

"All other rate categories in the Shoalhaven City Council area will increase only by the rate peg of 2.4%."

