

PO Box K35
Haymarket Post Shop
NSW 1240

Dear Sir/Madam

Shoalhaven City Council – Special Rate Variation

This letter is to formally notify IPART that Shoalhaven City Council intends to apply for a special variation to our rating base.

Shoalhaven City Council resolved to apply for a special variation to its general income at its Ordinary Meeting on 28 November 2017:

MIN17.999 - That Council:

1. Receive the feedback and results of community engagement
2. Adopt the amended Integrated Strategic Plan 2017 including the CSP, DPOP, Long Term Financial Plan and Chapter 7 SRV which include changes made to this document to specifically outline the proposed SRV, impact on residents and proposed expenditure of the SRV.
3. Authorise staff to notify IPART of its intention to apply for a Special Rate Variation Application for the retention of the 13.2% special variation approved as a one-off increase in 2017/18 as a permanent increase and for additional special variations (inclusive of a rate peg of 2.5% pa) of 5% in 2018/19, 5% in 2019/20 and 5% in 2020/21 which will retain existing services, allow modest “new” asset spend and move towards meeting all FFTF benchmarks.
4. That Council proceed with the formal Special Rate Variation Application for 2018/19 and submit this in line with the timelines set by IPART (i.e. February 2018).

Council will be applying for a proposed rate increase under Section 508A of the Local Government Act for successive annual increases over three years of 17.1% in 2018/19, 5.0% in 2019/20 and 5.0% in 2020/21, including the rate peg, which are permanently retained within the rates base. For 2017/18, IPART determined that the special variation could be retained in Council’s general income base for one year and was to be

removed in 2018/19. The effect of Council's application is to seek to retain the 13.2% special variation (including the Verons Estate component), approved as a one-off increase in 2017/18, as a permanent increase and for additional special variations (inclusive of the rate peg) of 5% in 2018/19, 5% in 2019/20 and 5% in 2020/21. The proposed special variation is for the purpose of improving Council's financial sustainability, funding capital expenditure for asset renewal, reducing the infrastructure backlog and funding asset maintenance. The Verons Estate component is to fund a twenty-year loan of \$2.3m for the purpose of providing essential infrastructure to the Estate (fire safety and road infrastructure), so that development can occur.

If you need further information about this matter, please contact Michael Pennisi, Finance, Corporate & Community Services Group on [REDACTED]. Please quote Council's reference 56128E (D17/409887).

Yours faithfully,

[REDACTED]

Michael Pennisi
Chief Financial Officer

15 December 2017