

Kiama Municipal Council Additional Special Variation

20 June 2022

Our decision

Kiama Municipal Council applied for a temporary Additional Special Variation (ASV) for a percentage increase in its general income of 2.5% in 2022-23. The rate peg for Kiama Municipal Council in 2022-23 was set at 1.6%. The council budgeted for a 2022-23 increase of 2.5%.

We have assessed this application against the criteria set by the Office of Local Government (OLG). We found that Kiama Municipal Council's ASV application fully met all assessment criteria.



We have approved Kiama Municipal Council's application for a temporary 2.5% Additional Special Variation in 2022-23 (including the rate peg). Our decision means the council can increase its general income by 2.5% in 2022-23.

Table 1 Approved ASV – Kiama Municipal Council

	2022-23
Increase above the rate peg – temporary	0.9%
Rate peg	1.6%
Total increase	2.5%

Our decision means the council can increase income by 0.9% above the rate peg. We estimate this to be around \$0.17 million in additional income in 2022-23 without keeping this additional income in its rate base going forward. The impact on rates from this ASV may be different for individual ratepayers and across different ratepayer categories. The ASV represents an allowed increase in general permissible income, the council decides how it collects that income from ratepayers.

The ASV process

On 6 April 2022 the OLG announced guidelines for the Additional Special Variations (ASV) process for 2022-23 under [circular 22-07](#) (ASV guidelines). IPART has assessed applications from NSW councils for an ASV against the ASV guidelines.

The council planned for a 2.5% increase in income

Assessment criterion 1: *The application amount is not higher than the lesser of 2.5% or the council's assumed 2022-23 rate peg (including population factor) in its 2021-22 Integrated Planning and Reporting (IP&R) documentation.*

Kiama Municipal Council's 2018-19 Long Term Financial Plan (LTFP) as part of its IP&R documentation budgeted a 2022-23 rate peg of 2.5% which matches Kiama Municipal Council's ASV application for 2.5% in 2022-23. Kiama Municipal Council's most recent set of IP&R documents were adopted in 2018-19. As 2021-22 IP&R documents are not available, we have used the council's preceding documentation to assess this criterion.



The increase the council applied for matches the increase in income it budgeted in its planning documents.

Council supports the proposed increase in income

Assessment criterion 2: *The council must have made a resolution which clearly states:*

- *that the council has resolved to apply for the special variation under section 508(2) of the Local Government Act 1993 (the Act)*
- *whether the resolution is for a temporary or permanent special variation under section 508(2) of the Act*
- *the additional income that council will receive if the special variation is approved, and why the special variation is required*
- *that the council has considered the impact on ratepayers and the community in 2022-23 and, if permanent, in future years if the special variation is approved and considers that it is reasonable.*

Kiama Municipal Council resolved on 12 April 2022 to apply for a temporary special variation under section 508(2) of the Act.^a The council estimated it would receive around \$0.17 million of additional income in 2022-23. The council stated that the special variation is required to ensure that Kiama Municipal Council has capacity to fund the delivery of essential services and facilities. The council stated that it considered the impact on ratepayers to be reasonable.



The council resolved to apply to increase its income by 0.9% above the rate peg or by \$0.17 million in 2022-23. It explained the reasons why the ASV is required, and the council considers the impact on ratepayers to be reasonable.

^a We note that in the council's part A application document they applied for a permanent ASV. The council confirmed that this was submitted in error and that it intended to apply for a temporary ASV, consistent with the council resolution which specified a temporary ASV.

Summary of submissions

Kiama Municipal Council's ASV application did not receive any submissions.