

PRESS RELEASE

Country Mayors Association of NEW SOUTH WALES



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RATE CAP 2022

It is just so disappointing and so disrespectful...lowest rate cap in 20 years

The rate cap announced by the Independent Pricing and Regulatory Tribunal (IPART) has been set at a baseline of 0.7%, with an index for those communities experiencing growth. There are 128 Councils in NSW and 78 of those will not receive any benefit from the growth factor index, said Chair of NSW Country Mayors Association Ken Keith OAM, which means the lowest rate cap in 20 years.

Many of these low growth communities are constituents of the Country Mayors Association which was formed to fight for Country Councils. Communities in regional areas have been significantly affected by the impacts of drought, floods, supply chain issues and COVID, and are highly dependent on their local council to assist.

The cost of construction, the cost of salaries, the cost of steel, the cost of almost every commodity consumed to deliver public services has risen dramatically, so this is nothing short of devastating. Mr Keith OAM said.

We know the rate peg is based on the change in the Local Government Cost Index (LGCI), which is designed to measure the average change in prices of a fixed 'basket' of goods and services that are purchased by councils, but the basket approach is a basket case if it comes out at 0.7% and needs to be reformed, said Mr Keith OAM.

For example, across regional NSW the skills shortage is seriously affecting councils' ability to deliver service. Staff are leaving local councils to higher tiers of government where salaries are higher and budgets buoyant. As a result wages have escalated well above the 2% Council worker increases, yet IPART has determined a 0.7% increase.

No one wants their rates to go up, but this is driving real rate revenue down and threatens our ongoing sustainability, so when the communities that rely on us most need help, we will be less able to deliver.

Councils are major employers in Country communities, and more than ever the communities need strong viable councils to support their constituents in these tumultuous times. A cap of 0.7% strikes at

the very heart of our viability and more than just disappointing it feels like we are completely disrespected and subordinated as a tier of government, Mr Keith OAM said.

The current rate cap is slowly but surely reducing the real income of councils and will leave many councils with little alternative but to seek special rate variations just so they can maintain existing services.

Mr Keith OAM said NSW is the only State with rate capping, which combined with these stifling low increases the Country Mayors Association will be campaigning for the approach to calculating the rate cap for councils to be critically reviewed.

The End

For further information please contact Ken Keith OAM, Chair, NSW Country Mayors Association 0428669482.