



**IPART** Independent  
Pricing and Regulatory  
Tribunal | NSW

Application for a minimum  
rate increase

## Guide – Part B

2022-23

Local Government »



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## **The Independent Pricing and Regulatory Tribunal (IPART)**

Further information on IPART can be obtained from [IPART's website](#).

### **Acknowledgment of Country**

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past, present and emerging.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

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## Preparing your application

For applications to increase minimum rates (MR) above the statutory limit (MR Increase) for 2022-23 IPART has prepared two separate application forms: a **MR Increase Application Form Part A**, which is in the form of an Excel spreadsheet, and **MR Increase Application Form Part B**. We have also prepared this document, the **Guide for MR Increase Application Form Part B**.

The intention of this guide is to improve the readability of the completed MR Increase Application Form Part B for ratepayers. This Guide is primarily for council officers preparing the Application Form Part B. It provides information about how IPART will assess councils' applications against the criteria in [OLG's MR Guidelines](#),<sup>a</sup> ([website](#)) and instructions for completing the MR Increase Application Form Part B.

References are provided to other IPART and OLG publications which contain information and guidance relevant for preparing the council's responses in the MR Increase Application Form PART B. It also cross-references the Minimum Rate Increase Application Form Part A 2022-23 (Excel spreadsheet).

### Does the council need to submit an application for a minimum rate increase?

#### Ordinary rates – minimum amounts

Councils must apply to increase the minimum amount of an ordinary rate above the statutory limit where:

- The council is currently charging a minimum ordinary rate at or below the statutory limit and is seeking to increase its minimum rate(s) above the statutory limit for the first time.
- The council is currently charging a minimum ordinary rate at or above the statutory limit and is seeking to increase its minimum rate(s) in 2022-23 by more than the rate peg percentage or the percentage allowed by an SV (i.e. previously approved for 2022-23).
- The council is currently charging a minimum ordinary rate at or below the statutory limit and, as part of implementing the SV (whether applying a lower, higher or the same percentage increase as the requested SV percentage) the increase would result in minimum rates that are above the statutory limit for the first time.

For new councils (i.e. formed by merger in 2016) where harmonising minimum rates either:

- Results in an ordinary minimum rate increasing above the statutory limit for the first time

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<sup>a</sup> Office of Local Government (OLG), *Guidelines for the preparation of an application to increase minimum rates above the statutory limit*, November 2020 (OLG's MR Guidelines).

- Where one or more of the merged council's existing minimum rates is above the statutory rate and it seeks to increase that rate by more than the rate peg or the percentage allowed by a special variation.

New councils that have more than one existing minimum rate instrument should refer to OLG's *Special guidelines for new councils applying to harmonise minimum rates on 1 July 2021*.

Councils **do not need** to apply for an increase to minimum ordinary rates in the following circumstances, whether or not they are applying for an SV:

- If the proposed increase (even if it is above the rate peg percentage) would result in minimum rate(s) which were still below the statutory limit.
- If the minimum rate is already above the statutory limit (having previously been granted approval for the rates to be above the statutory limit) and the council proposes to increase the minimum rate(s) by the rate peg percentage or the percentage allowed by an SV (i.e. which has been approved for 2022-23 by a prior SV instrument).

## Special rates – minimum amounts

Council must apply to increase (even by the rate peg percentage) the minimum amount of a special rate above the statutory limit, i.e. whether or not the council is applying for an SV for 2022-23.

## Minimum rate increase Application Forms

Councils applying to IPART for a MR increase must complete:

- Minimum Rate Increase Application Form Part A (Excel spreadsheet) ([website](#))
- Minimum Rate Increase Application Form Part B (this MS Word document)

New councils can apply for a MR Increase for 2022-23. In this case, the councils should complete a different version of Part A:

- Minimum Rate Increase Application Form Part A – Merged councils 2022-23 ([website](#))

## Structure of the MR Increase Application Form Part B

The MR Increase Application Form Part B is structured to allow councils to provide the information we consider necessary for us to assess a MR increase application according to the criteria for assessment in OLG's MR Guidelines. The sections of the Application Form are:

- Description and Context Questions
- Criterion 1: Rationale
- Criterion 2: Impact on ratepayers
- Criterion 3: Consultation on the proposal
- Criterion 4: Other relevant matters

- Certification and contact information
- List of attachments

In the sections of the MR Increase Application Form relating to the criteria there are:

**Questions** – asking for information IPART will take into consideration in assessing whether the council has satisfied the criterion.

**Question boxes** – asking questions with Yes/No answers or for councils to provide specific data without any commentary.

**Text boxes** – for councils to insert information. Responses should clearly cross-reference supporting documents.

**Tables of Attachments** – for councils to list all supporting documents relevant for the questions in each section which are attached to the council's application.

## Attaching supporting material

We prefer to receive relevant extracts rather than complete publications, unless the complete publication is relevant to the response for the criteria. Responses in the text boxes should clearly cross-reference where the information is in the supporting documents attached to the council's application.

## Confidential content in supporting material

IPART will post all applications (excluding confidential content) on the IPART website. Examples of confidential content are those parts of a document which disclose the personal identity or other personal information pertaining to a member of the public, or a document such as a council working document that does not have formal status, or a document which includes commercial-in-confidence content.

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as **CONFIDENTIAL**.

To protect confidential details in submissions from ratepayers, either redact or submit as a confidential attachment (see List of attachments).

## Submitting the application online

Applications must be submitted through IPART's Council Portal by Monday, 7 February 2022.

- A file size limit of 10MB applies to the Application Form Part B.
- For supporting documents (Attachments) a file size limit of 200MB applies to public documents, and another 100MB to confidential documents.

Contact Arsh Suri on (02) 9113 7730 for assistance with using the Council Portal.

## Publishing the council's application

Councils should also post their application on their own website for the community to access.

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## Description and Context Questions

These questions seek general information about the council's application to increase minimum rates.

**Question 1:** What is the increase to minimum rate(s) the council is applying for?

Complete the **question box**.

The response will provide a high-level summary of the proposal to increase minimum rates. Detailed information about the increase will already have been entered in Worksheet 1 of the MR Increase Application Form Part A, and Worksheet 5a of the SV Application Form Part A if the proposed MR increase is in conjunction with an SV.

**Question 2:** What is the key purpose(s) for the requesting to increase minimum rate(s) above the statutory limit?

In the **text box** indicate at the highest level the key purpose(s) of the proposed increase to minimum rates. The purposes could include one, or a combination of:

increasing minimum rates by the rate peg percentage

maintaining an equitable allocation of the rating burden across the council's rating categories

improving the equitable allocation of the rating burden across the council's rating categories

matching the level of minimum rates in comparable councils

improving financial sustainability, and/or

increasing a special rate by the rate peg percentage.

**Question 3:** Is the council a new council created by merger in 2016?

The NSW Government required new councils created by merger in 2016 to maintain pre-merger rate paths (the 'rate path protection period'). These councils were subject to a 'rate freeze', as they were not eligible to apply for an SV or increase to minimum rates in the rate path protection period. These councils were required to harmonise their rates by 1 July 2021.

IPART will assess applications for a MR increase from such councils according to the same criteria and in the same way as applications for all other councils. However new councils will need to clearly explain how they meet each of the main criteria in the context of the rate levels and rate paths of all the former councils.

Complete the **question box**.



## Criterion 1: Rationale for increasing minimum rates above the statutory limit

Criterion 1 in the MR Increase Guidelines requires IPART to assess applications considering:

The rationale for increasing minimum rates above the statutory amount.

The MR Increase Guidelines discuss minimum rates in the context of rating principles in Attachment 1. The MR Increase Guidelines state that:

Where applicable, councils should make reference to the relevant parts of their Integrated Planning and Reporting (IP&R) documentation to demonstrate how the criteria have been met.<sup>b</sup>

IPART expects that councils should be able to provide evidence of how the increase to minimum rates proposal was developed in the context of the council's IP&R framework, and councils should refer to the relevant parts of their IP&R documents.

### How to respond for Criterion 1

The council's response providing the rationale for increasing its minimum rate(s) above the statutory limit should be tailored to the specific circumstances of the minimum rate increase, including whether it is part of a proposal for an SV.

If the increase to minimum rates is in conjunction with a proposed SV, the response for Criterion 1 should focus on the aspects directly relevant to the proposed MR increase. It is not necessary to duplicate all the information explaining how the council established financial need which is included in the response for Criterion 1 in the SV Application Form Part B.

Where applicable, councils should provide references to their IP&R documents dealing with the proposal to increase minimum rates to demonstrate how the criterion has been met.

The Application Form asks one question for Criterion 1, and in the **text box** the response should:

- Explain how the council developed the proposal in the context of its IP&R framework, including the SV proposal, if relevant.
- Explain why the council considers the increase to minimum rates is necessary.
- Discuss both the benefits and drawbacks of the proposed changes to the rating structure.

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<sup>b</sup> OLG, MR Increase Guidelines, section 2.2.

## Attachments for Criterion 1

In the **table provided**, list all attachments to the application which the council relies on to demonstrate how it has met Criterion 1. Attachments could include IP&R documents or reports commissioned by the council.

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## Criterion 2: Impact on ratepayers

Criterion 2 in the MR Guidelines requires IPART to assess applications having regard to:

The impact on ratepayers, including the level of the proposed minimum rates and the number and proportion of ratepayers that will be on the minimum rates, by rating category or subcategory.

The criterion requires consideration of two elements:

- The level of minimum rates for ratepayers whose rates will be increased, and
- The distribution of the rate burden in the particular category or subcategory between those paying minimum rates and those paying an amount based on the value of their property.

Although it is a matter for each council to determine its rating structure, including the level of minimum rates, for this criterion, IPART will assess the proposal on its merits, but will consider how the proposed minimum rates accord with the principles of rating, by looking at:

- The absolute and percentage increase in minimum rates proposed for ratepayers paying the minimum amount
- How the council will manage any adverse impact on ratepayers
- How the increase in minimum rates affects the equitable distribution of the rate burden among all ratepayers in the category or subcategory.

As the minimum rate is the lowest amount that is paid by ratepayers in any rating category, the impact of the proposed increase to minimum rates may not, of itself, be as significant as the same percentage increase to rate levels above the minimum. Nevertheless, IPART expects that councils will be able to demonstrate how they have considered its affordability and the affected ratepayers' capacity to pay.

IPART will make its own assessment of the affected ratepayers' capacity to pay by reference to evidence provided by the council and our own analysis using socioeconomic indicators, including as they relate to those for comparable councils in the council's OLG grouping.

### How to respond for Criterion 2

By completing MR Increase Application Form Part A, councils will provide full details of current and proposed levels of minimum rates and the number of ratepayers affected. The response to the first question for Criterion 2 requires only a summary of this information. Include a table in the **text box** or attach one in a separate document, as appropriate.

If the increase to minimum rates is in conjunction with a proposed SV, the response for the other questions for Criterion 2 should focus on the aspects of the impact on ratepayers and its affordability which are directly relevant to the proposed MR increase. It is not necessary to duplicate all the information providing details included in the response for Criterion 3 in the SV Application Form Part B.

The council's response to the other questions for Criterion 2 should explain the specific circumstances of the minimum rate increase, including whether it applies to an ordinary or special rate and whether it is part of a proposal for an SV, and the characteristics of the ratepayers who will be affected.

Where applicable, councils should provide references to their IP&R documents dealing with the proposal to increase minimum rates to demonstrate how the criterion has been met.

The response to this criterion should refer to matter such as:

- The extent to which the new minimum rates exceed the equivalent ad valorem rates that would apply in the absence of the minimum rates.
- The overall impact on ratepayers resulting from the proposed increase.
- Steps that have been taken to distribute the rate burden equitably.
- Affected ratepayers' capacity to pay the higher level of rates, overall and by each rating subcategory.
- How the council plans to address hardship ratepayers may experience in meeting their obligations to pay rates in the future.

In considering capacity to pay, you may also want to consider how the council's socioeconomic profile and other relevant measures of capacity to pay relate to those for comparable councils. IPART will also review various socio-economic indicators, particularly as they relate to those for comparable councils in your OLG grouping.

## Attachments for Criterion 2

In the **table provided**, list all attachments to the application which the council relies on to demonstrate how it has met Criterion 2.

Attachments could include IP&R documents or reports commissioned by the council, the council's hardship policy and any other study or analysis of the impact on ratepayers.

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## Criterion 3: Consultation on the proposal

Criterion 3 in the MR Guidelines requires IPART to assess applications in light of:

The consultation the council has undertaken to obtain the community's views on the proposal.

Information about how the council can engage the community can be found in [OLG's SV Guidelines](#) and [IP&R manual](#), as well as IPART's [Community awareness and engagement – Information Paper\(website\)](#)

The criterion requires IPART to make an assessment on the council's consultation with its community about the proposal to increase minimum rates.

Although this criterion does not specify the various aspects of how the council should conduct consultation on the minimum rate increases, IPART expects that councils should be able to offer evidence to demonstrate that its consultation has been effective. Councils need to utilise appropriate methods to make the community aware of the proposal and afford ratepayers opportunities to provide feedback and show that the proposed increase is reflected in its IP&R documents.

The breadth and depth of the consultation should be commensurate with the size of the proposed increase in rates and tailored to the specific circumstances of the minimum rate increase, including whether or not it is part of a proposed SV.

IPART expects that the consultation would:

- Include the broader community as well as the ratepayers directly affected
- Explain the rationale for the proposal, and
- Transparently outline:
  - how the proposed minimum rate increase incorporates the rate peg and/or SV percentage increase
  - the annual increase (rather than just a weekly amount)
  - the full cumulative increase in percentage terms, and the total increase in dollar terms for ratepayers in each affected rating category
  - the impact on other ratepayers in the category who do not pay the minimum rate,
  - any change in the proportion of ratepayers on the minimum rate.

### How to respond for Criterion 3

The response for this criterion should demonstrate that the council used an appropriate range of methods to inform the community about the proposed increase to minimum rates and offered opportunities for the community to provide their comments on the proposal.

Where applicable, councils should provide references to their IP&R documents dealing with the proposal to increase minimum rates to demonstrate how the criterion has been met.

In the **text box**, the council should explain the consultation process, including:

How the council has consulted with the community.

The forms of consultation used.

When consultation occurred.

Which groups were consulted.

Opportunities for the community to give feedback.

A summary of the outcomes and feedback received.

Any action taken, or which will be taken, to address issues of common concern within the community about the proposal to increase minimum rates.

Attachments for Criterion 3

In the **table provided**, list all attachments to the application which the council relies on to demonstrate how it has met Criterion 3.

Attachments could include IP&R documents or reports commissioned by the council

## Criterion 4: Other relevant matters

The MR Increase Guidelines provide that IPART will assess each application based on its merits against the three assessment criteria:

In addition to any other matter which it considers relevant.

The guidelines do not specify examples of such matters.

Consistent with the approach for assessing SV applications, IPART's approach will be to assess each of the three criteria, then make an overall assessment taking into account any other relevant factor.

In its response for this criterion, the council may provide any information in addition to that provided elsewhere in the Application Form which it would like IPART to consider when assessing its proposed SV.

### Attachments for Criterion 4

In the **table provided**, list all attachments to the application which contain information which the council considers IPART should take into account when assessing its proposal to increase minimum rates.

## Council certification and contact information

### Certification of application

Councils must submit a declaration in the specified form. It should be completed by the General Manager and the Responsible Accounting Officer.

Once completed, scan the signed certification and attach it to the council's MR Increase Application Form as a public supporting document.

### Council contact information

Councils should provide contact information as requested.

IPART's formal contact with the council will be with the General Manager.

During the assessment period, IPART officers are likely to contact the council with detailed queries about the application and supporting documents. Councils should provide details of the primary contact for such inquiries where this person is a council officer who is not the General Manager.

### List of attachments

Table 5.1 constitutes a check list such that all relevant documents are submitted to IPART.

Some documents are mandatory for all councils to submit, others only applicable if required by council's specific circumstances and application. Each council can determine which other supporting material to attach. To assist councils, Table 5.1 includes the names of some supporting documents commonly provided.

If the increase to minimum rates is in conjunction with a proposed SV, councils should include in the List of attachments all documents relied on in the application and referred to in Tables 1 to 4. Use the same council-assigned number shown in the SV Application Form List of attachments.



It is not necessary to submit any document through the Council Portal twice.

IPART will publish on our website the Application Forms and all material submitted as attachments to the application.



## Confidential content in supporting material

Councils are asked to redact personal identifying details from all attachments. Such information, including names, addresses and contact details, as well as details which would allow a person to be identified, are commonly found in feedback material received during consultation. Personal details of council officers should be treated in the same way. IPART will check all attachments to ensure such information is not published, but councils should avoid the need for this to happen by reviewing all material and redacting as necessary before documents are submitted.

Councils may also request that a document, or part of a document attached to the application not be made publicly available. This would occur if, for example, it contains commercial-in-confidence material, or is an internal working document and not an adopted policy. In this case, the attachment must be listed in the separate section of Table 5.1.

## Completing Table 5.1

To complete Table 5.1 (adding rows as necessary):

- Assign an identifying number and/or letter to each document, or use the number assigned when the document was attached to the SV Application Form if appropriate.
- Name each document.
- Check the box to indicate that it is being submitted with the application.