

Engaging with IPART about special variation applications for 2024-25

23 October 2023

IPART assesses special variations (SV) applications made by councils. We assess SV applications against criteria set by the NSW Office of Local Government (OLG) (see below). Your submission can help us better understand whether a council's application meets OLG's criteria.

This fact sheet can help you better understand what we can and cannot consider as part of our assessment. This will help your submission to be more effective.

1 What is a special variation?

Each year, we set the percentage amount each council may increase its general income for a financial year. This is called the [rate peg](#). For most councils, general income is the total income the council receives from ordinary and some (but not all) special rates.

If elected councillors resolve that a council needs more income, a council can apply to IPART for an SV to increase its general income by more than the rate peg.

1.1 How do we assess a special variation application?

We assess councils' applications against the OLG's criteria. These are set out in OLG's guidelines [here](#).

The OLG criteria require councils to:

- demonstrate the need for the additional income
- provide evidence that the community is aware of the need for and extent of a rate rise
- establish that the impact on affected ratepayers is reasonable
- exhibit, approve and adopt relevant planning documents
- explain and quantify the council's productivity improvements and cost containment strategies.

We may also consider anything else we consider relevant.

2 How to tell us what you think

We are keen to hear from you to better understand whether a council's application has or has not demonstrated these criteria.

Council applications are due on 5 February 2024. After this deadline, we will publish the applications and supporting materials we received.

We will have a 3-week consultation period starting in February 2024.

Councils that think they might apply to IPART for an SV must first consult with their communities. This happens **before** they apply to IPART and informs their application. Prior to the closing date for applications, we encourage ratepayers to engage with their council in the first instance. The timeline below shows where community consultation fits in our SV assessment process.



2.1 What is a good submission?

A good submission helps the Tribunal to make an informed decision about whether a council's application meets the OLG's criteria.

IPART appreciates the effort that goes into making a submission. To ensure your submission is most effective, we encourage you to directly address one or more of OLG's criteria in your submission (see section 1.1) and explain why you consider a council's SV application does or does not demonstrate the relevant OLG criterion.

To assist you in making your submission, this Fact Sheet:

- describes some of the matters that IPART does not assess when determining an SV application (see section 3)
- provides information to address some misconceptions that can arise about SVs (see section 4).

We also encourage you to read our [Submissions Policy](#). The policy explains:

- how your submission will be treated and how we use information provided in submissions
- how to make a confidential submission or ask us not to publish your name.

2.2 What you can do now (before our submission period opens)

Directly talk to your council about its proposed SV

We encourage you to raise your concerns directly with your council. Usually, there will be a few opportunities for ratepayers to have their say. We have outlined the main ways that this can happen below.

Engage with council consultation and exhibition under the Integrated Planning and Reporting (IP&R) Framework

All councils in NSW use the IP&R Framework to guide their planning and reporting activities. It includes a suite of integrated plans that set out a vision and goals for the community and strategic actions to achieve them.

A council's IP&R documents include the Community Strategic Plan, Delivery Program and Long-Term Financial Plan.

For some documents, the council must exhibit and allow for submissions when reviewing and updating the document.

If a council is applying for an SV, the relevant IP&R documents, such as the Community Strategic Plan, Delivery Program and Long-Term Financial Plan, will need to include some details about the proposed SV.

During the exhibition process, ratepayers will have an opportunity to directly comment on these IP&R documents, which would include information about the proposed SV.

[This page](#) provides more information about the IP&R process.

Engage with the council's consultation about the proposed SV

If a council applies to IPART, it must also provide evidence that its community is aware of the need for and extent of the rate rise, which typically involves further consultation with its community. Ratepayers will have opportunities to have their say directly to their councils through these processes. A council may seek your views about its proposed SV in a variety of ways, such as:

- community information sessions
- drop-in booths
- a dedicated webpage about the proposed SV
- social media
- accepting posted letters and emails.

Read OLG's SV criteria

We encourage you to familiarise yourself with the assessment criteria set out in [OLG's guidelines](#) (see section 1.1). This is what IPART uses to assess the councils' applications.

Subscribe to receive updates from IPART

Consider subscribing to receive updates about SV applications and assessments from IPART by clicking [here](#) and ticking the box next to Local Government as shown in the picture below. This is to ensure that you are kept in the loop about consultation opportunities.

Subscribe for updates

Register to receive information from IPART.

If you only want to subscribe to one individual review, please email the key contact on that review's web page.

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3 What don't we assess?

There are some things that you may wish to raise, that we may not be able to consider in our assessment.

3.1 Water, sewerage and waste rates and charges

There are many different rates on your rate notice. Only income from certain rates and charges are subject to the rate peg or SV. In most cases, it is income from 'ordinary rates' and some (but not all) 'special rates'.

When determining an SV application, we do not assess or set the rates and charges that you pay for services such as water supply and sewerage or domestic waste management services.

3.2 Spending priorities

Ratepayers often tell us that:

- their council has been inefficient with its funds
- they disagree with how a council has decided to allocate its funds for future projects.

While we consider whether a council has found and implemented efficiencies and cost containment strategies, as well as the financial impact on a council and ratepayers of the council's proposed SV, we do not assess the merits of council spending decisions.

We also cannot audit council finances as part of our assessment process as this is not part of our delegated functions.

4 Common misconceptions

4.1 Misconception: If the SV is approved, my rates will increase by the same percentage as the SV

This is not always the case.

An SV limits the percentage by which a council may increase the total general income they can recover from ratepayers in any given year.

An SV does not apply to individual rates. It is up to the council, as the democratically elected body, to decide whether to implement the full percentage increase permitted by an SV and how to allocate that increase across its ratepayer base.

This means your rates may increase by more than the SV percentage in a given year. This may occur in a number of circumstances, including:

- your land has increased in value by more than other ratepayers in your local government area
- the council has restructured its rates.

Your rates may also go up by less than the SV percentage, stay the same or be reduced, at the discretion of your council.

4.2 Misconception: The SV increase is on top of my land revaluation

For instance, if your land doubled in value (100%) and your council was approved for a 20% SV, this does not mean that your rates will increase by 120%.

A routine increase in a ratepayer's land value by the Valuer-General does not mean that a ratepayer's rates will automatically increase. The impact on rates depends on whether the land value has increased or decreased compared to others in the ratepayer's local government area.

For instance, if your land has increased in value by more than the average in your local government area, you may be liable to pay a larger portion of the council's total general income.

4.3 Misconception: If the community doesn't support the SV, it can't be approved

In the past, ratepayers have written to us noting that the lack of community support for an SV should mean that an SV application should not be approved. Community support is not required for us to approve an SV application.

To demonstrate it has met the OLG criterion about community awareness, the council must show IPART that the community is **aware** of the need and extent of a proposed rate rise. Our assessment considers the effectiveness of the council's consultation with ratepayers, rather than whether most ratepayers support the proposed SV.

In the past, community submissions have brought to our attention deficiencies in a council's consultation materials that have contributed to council applications being declined, or approved for a lesser percentage than applied for, based on whether the community is aware of the proposed rate rise. For instance, the council may have applied for a higher increase than they informed the community about, meaning the community was likely not aware of the increase that was applied for.

5 Who to contact for more information

If you have any questions about the **SV assessment process**, please reach out to Jisoo Mok via jisoo.mok@ipart.nsw.gov.au or on 02 9019 1955.

For queries about **your individual rates**, please contact your council. You may also find relevant information about this on:

- OLG's website: [Rates, Charges and Pensioner Concession](#)
- NSW Ombudsman's website: [Having trouble with your rates and charges?](#)

If you have enquiries regarding **your land valuation**, please contact your council or the NSW Valuer-General [here](#).

You may also find **IPART's local government FAQ page** helpful (see [here](#)).