

29 November 2022

Independent Pricing and Regulatory Tribunal NSW
Lodged by Portal

Dear Sir/Madam,

Notification of Intention to Apply for a Special Rate Variation – 2023/24

In accordance with a resolution of Council made on 28 November 2022, I write to notify the Independent Pricing and Review Tribunal (IPART) of Council's intention to apply for a Special Rate Variation (SRV) to be implemented in the 2023/24 financial year (pursuant to section 508(2) of the Local Government Act 1993) and to be retained permanently in the rate base. A copy of the Council's resolution is scheduled.

Council proposal likely to be for a 38% increase

The proposed overall percentage increase to the 2023/24 general rate income is 38% (inclusive of the 3.7% rate peg).

The primary purposes of the special rate variation are:

- improving financial sustainability;
- restoring the real cost of maintaining existing services; and
- resolving infrastructure renewal backlogs.

Council proposal may be for a 45.7% increase in certain circumstances

During the consultation process for Council's Integrated Planning and Reporting Framework and the proposed SRV, Council undertook collaborative stakeholder engagement (IAP2 Category 4), with the whole community and, very particularly, with its power generation and mining sector ratepayers.

During discussions, there was an acknowledgment by the above sectors of the importance of economic transitions management as the Lithgow economy transforms to a low carbon intensive future. Industry raised the possibility of contributing into a Council future fund rather than to general rating for services associated with economic transition management and economic diversification. Council welcomed those discussions and accepts that contributions to a future fund may be a superior means of resourcing and delivering important local economic transition management services because of the benefits of collaborative management of the issues and the role industry will play in renewable energy investment in the City.

In the event, however, that a future fund proposal is not finalised prior to any SRV application to IPART being prepared, Council has resolved to revert to its original proposal of an overall increase to the 2023/24 general rate income of 45.7% SRV (inclusive of an assumed rate peg 3.7%).

Proposed SRV expenditure

Council is proposing to increase funding for the following:

- additional transport, stormwater and other asset maintenance funding;
- additional transport, stormwater and other asset renewal funding;
- operational funding for additional governance / strategy and capacity building;
- operational funding for economic transitions management services: and
- an operating surplus (contingency).

Council looks forward to working with IPART in relation to this SRV application.

Should you require further information or wish to discuss the matter, please contact
[REDACTED] Chief Financial & Information Officer on [REDACTED]

Yours sincerely

[REDACTED]

GENERAL MANAGER

SCHEDULE

[RESOLUTION OF COUNCIL OF 28 NOVEMBER 2022]

Min No. 22 -235 RESOLVED

THAT Council:

1. Authorise the General Manager to notify the NSW Independent Regulatory and Pricing Tribunal of its intention to lodge an application under Section 508(2) of the NSW Local Government Act for a permanent Special Rate Variation (SRV) 34.3% increase (plus 3.7% rate peg) in 2023/24 for the primary purposes (based on IPART categories) of:
 - a. Improving financial sustainability;
 - b. Maintaining existing services; and
 - c. Reducing infrastructure backlogs for asset maintenance and renewals.
2. Commit to limiting any increase in the residential, farming and business (general) rating categories to 27.7% (including the 3.7% rate peg) with the balance of the SRV funds required to be levied against the business power generation sub-category, mining category and a new quarrying business sub-category or sub-categories.
3. Note that, in the event that the future fund proposal is not finalised prior to any SRV application to IPART being completed in January 2023, Option 1 would return to Council's original proposal of a 42% SRV (plus 3.7%) with \$1.092M added back to the power generation and mining rating categories.
4. Endorse the updated Integrated Planning & Reporting documents to be placed on public exhibition for 28 days. This will include the following plans:
 - a. Supplementary Community Strategic Plan 2035.
 - b. Supplementary Combined Delivery Program 2022– 2026 and Operational Plan 2022/23.
 - c. Updated 2022-2032 Long Term Financial Plan.
 - d. Updated 2022-2026 Workforce Plan.
 - e. Updated 2022-2032 Strategic Asset Management Plan.
4. Note the Community Engagement Strategy Feedback Report which is included as an attachment.