

# Media Release

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## IPART proposes changes to council rate peg methodology

The Independent Pricing and Regulatory Tribunal (IPART) has today released a draft report proposing changes to the rate peg methodology and suggesting the NSW Government consider commissioning an independent review of the financial model for councils in NSW.

"IPART thanks ratepayers and councils who have given feedback so far in our review of the rate peg methodology. The consultation has been very helpful and we propose changes to IPART's rate peg methodology as a result," said IPART Chair Carmel Donnelly.

The rate peg is the maximum amount in percentage terms by which a council can increase its total rates income in a year. IPART sets this percentage every year as the delegate of the Minister for Local Government.

Our consultation included input from councils and ratepayers through workshops, focus groups and submissions. There were nearly 3,400 responses to the survey of ratepayers and more than 90 submissions to our Issues Paper.

"Our review has shown the current rate peg methodology can be improved, to better reflect changes in council costs to maintain services, while continuing to help ratepayers by limiting increases in total rates revenue to what is needed," said Ms Donnelly.

"We propose more forward-looking measures of councils' base costs, and our changes also better capture the diversity of councils across the State," said Ms Donnelly.

Our proposed new rate peg methodology is designed to respond to many of the issues raised in the consultation. But it cannot address all the issues people have highlighted during the consultation. The rate peg cannot adequately address the efficiency or sustainability of the cost base of councils.

The Tribunal believes it would be timely for the NSW Government to initiate an independent investigation into the financial model for councils in NSW, including broader issues highlighted in IPART's recent consultation.

We encourage stakeholders to make submissions on the Draft Report, by 4 July 2023. This is available on IPART's website. We will also hold an online public hearing in July 2023.

IPART will consider all feedback before finalising its review and submitting the Final Report to the NSW Government in August 2023.

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