

Corporate Services.GCousins/AGlauser
Reference:
Phone: 02 4974 2838



5 December 2014

Ms Lucy Garnier
Acting Director, Local Government
Independent Pricing and Regulatory Tribunal
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Dear Ms Garnier

NOTIFICATION OF INTENTION TO APPLY FOR A SPECIAL RATE VARIATION

The City of Newcastle would like to advise the Independent Pricing and Regulatory Tribunal of our intention to make an application for a multi year Special Rate Variation under Section 508A of the Local Government Act 1993.

The City of Newcastle has undertaken extensive financial analysis through the development of our current Long Term Financial Plan (LTFP). Our analysis has confirmed that Council's program of expense reduction and containment of capital works programs, whilst resulting in substantial financial improvement is not sufficient to reach a position of financial sustainability. Further action is required to ensure there are sufficient funds to address Council's infrastructure backlog whilst ensuring a sustainable cash position is maintained.

Council has considered and analysed five options or scenarios. Two of the five options will meet the sustainability objectives. Both of these options rely on Council's ability to raise additional revenue through a special rate application. The LTFP shows that a Special Rate Variation is required to secure Council's future financial sustainability by achieving and maintaining an Operating surplus by the 2018/2019 financial year, reducing the Asset Backlog within the 2% cap, and maintaining cash levels to appropriately cover future anticipated liabilities.

Following thorough consultation with the community through our Road to Recovery engagement program, the feedback received indicates sound community support for a Special Rate rise in order to facilitate financial sustainability and continued services.

Newcastle Councillors have considered the financial analysis and community consultation information and have resolved to support a Special Rate application for the City of Newcastle for a rate rise of 8% per year, over five years, commencing from 1 July 2015. The increase is inclusive of the rate peg and each rate rise would remain in the base rate going forward.

A copy of the Council resolution is attached.

Please contact Glen Cousins, Director Corporate Services on 4974 2834 should you have any further questions.

Yours faithfully

Ken Gouldthorp
GENERAL MANAGER
Attachment: - Council resolution

Agenda Report

ACTION ITEM

Ordinary Council
Tuesday, 25 November 2014

SUBJECT: CCL 25/11/14 - SPECIAL RATE VARIATION APPLICATION

MOTION

Moved by Cr Osborne, seconded by Cr Posniak

- 1 a) Council receives the Community Engagement Strategy Report Summary included as **Attachment A**.
- b) Council apply to IPART for a SRV for fund revitalisation - annual increases of 8% (including the rate cap) per year for five years, a total cumulative increase of 46.9%.

For the Motion:

Lord Mayor Cr Nelmes and Councillors Crakanthorp, Doyle, Dunn, Osborne and Posniak

Against the Motion:

Councillors Compton, Luke, Robinson, Rufo, Tierney and Waterhouse.

Carried