

A financially sustainable Newcastle

Financial sustainability allows us to support the community and businesses through uncertain times.

Achieving financial sustainability is our key objective and we have undertaken many initiatives to maintain this.

The impacts of COVID-19 ended our run of six consecutive years of budget surpluses. However, our financial sustainability has played a significant role in our recovery. Despite reduced revenue, we have expanded our infrastructure program and created a Community and Economic Resilience Package to help limit the local economic impact of COVID-19 and to support those most impacted by the pandemic.

An unexpected further revenue challenge is the constrained annual rate peg determination made by the Independent Pricing and Regulatory Tribunal (IPART). The Australian Bureau of Statistics reports that the Consumer Price Index rose 3.5% annually to December 2021. Yet IPART set the rate peg for 2022-2023 at 0.7% (excluding the population growth component), which is the lowest rate in two decades. This sharp reduction in revenue will adversely impact our ability to maintain services and infrastructure for our community by \$15 million over the next ten years alone.

Additional special rate variation (ASV)

Following strong community protest at how the 0.7% rate peg was reached, IPART has agreed to undertake a review of its rate peg methodology, including the Local Government Cost Index, with outcomes from the review expected to shape rate peg determinations in future years.

Given this review won't be completed in time for the 2022-2023 rate peg, IPART has amended its guidelines to accept applications for councils to vary general income by an amount greater than the annual rate peg of just 0.7%.

CN will request that IPART correct its rate cap ruling so that we receives a rate cap of 2.5%, consistent with our long-term financial plan, and an amount closer to the real increase in costs that CN has experienced during the past 12 months. This will allow us to meet our service obligations to the city and our community. IPART has recently announced it will accept applications for 2022-2023 through to 29 April 2022.

Our financial modelling confirms that the ASV is the best way to achieve a sustainable operating surplus while maintaining the services and facilities the Newcastle community expects. All other options to increase revenue or reduce costs have been considered. However, to mitigate future risks and ensure we can continue to deliver current service levels and infrastructure spending, we remain committed to identifying opportunities for future income streams, further reducing the reliance on rating income from its current 60%.

What this means for our community

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For residential ratepayers the average yearly increase will be:

\$40.35 per year
\$0.78 per week

Increase against land value

LAND VALUE	2021/22 RATES PAYABLE	2022/23 RATES PAYABLE (INC. ASV)	INCREASE (INC. ASV)
\$100,000	\$1,028.44	\$1,052.66	\$24.22
\$150,000	\$1,138.94	\$1,166.22	\$27.28
\$200,000	\$1,249.43	\$1,279.78	\$30.35
\$250,000	\$1,359.93	\$1,393.33	\$33.40
\$300,000	\$1,470.42	\$1,506.89	\$36.47
\$350,000	\$1,580.92	\$1,620.45	\$39.53
**\$363,497	\$1,610.75	\$1,651.10	\$40.35
\$400,000	\$1,691.41	\$1,734.00	\$42.59
\$500,000	\$1,912.41	\$1,961.12	\$48.70
\$600,000	\$2,133.40	\$2,188.23	\$54.83
\$700,000	\$2,354.39	\$2,415.34	\$60.95
\$800,000	\$2,575.38	\$2,642.45	\$67.07
\$900,000	\$2,796.37	\$2,869.57	\$73.20
\$1,000,000	\$3,017.36	\$3,096.68	\$79.32

** average residential land rates

