

# Fact Sheet – Council notifications of rate applications for 2016-17



21 January 2016



## WHAT

This fact sheet summarises which councils have notified us of their intention to apply either for a special rate variation (**SV**) to their general income or for an increase in minimum rates (**MR**) in 2016-17.



## WHY

Special variations may fund:

- ▼ improvements in the council's financial sustainability
- ▼ reductions in backlogs for asset maintenance and renewal
- ▼ new or enhanced services to meet the needs of the local community
- ▼ projects of regional significance, and
- ▼ special cost pressures being faced within the local government area.

Minimum rate increases may:

- ▼ redress imbalances in rate levels between ratepayers who pay minimum rates and those who pay ad valorem rates.



## WHO

Twenty councils initially notified us during December 2015 that they intended to apply either for an SV or an MR increase for 2016-17.

However, under the Office of Local Government's (OLG) Guidelines, released on 15 January 2016, councils that are the subject of merger proposals will not be eligible for a special variation or minimum rate increase for the 2016-17 rating year.

As 6 of the councils that notified us are subject to merger proposals and 1 notification was withdrawn, this reduced

the number of notifications for applications for 2016-17 to thirteen.

These councils are:

- ▼ Bogan Shire
- ▼ Clarence Valley
- ▼ Great Lakes
- ▼ Greater Taree City
- ▼ Gwydir Shire
- ▼ Lachlan Shire
- ▼ Lismore City
- ▼ Penrith City
- ▼ Singleton
- ▼ Tweed Shire
- ▼ Wagga Wagga City
- ▼ Wingecarribee Shire
- ▼ Yass Valley

Before applications close, members of the community should fully participate in the council's engagement processes. For details, check your council's website, local media or contact your council directly.

After applications close, some members of the community may wish to make a submission to IPART.



## WHEN

- ▼ **15 February 2016** – councils submit Part A and Part B of their SV applications via our website.
- ▼ **14 March 2016** – councils submit Part A and Part B of their MR applications.
- ▼ **14 March 2016** – public submissions close regarding proposed special variations.
- ▼ **11 April 2016** – public submissions close regarding proposed Minimum Rate increases.
- ▼ **17 May 2016** – IPART publishes its determinations on all applications for 2016-17.

## 1 Purpose

This fact sheet summarises the list of councils that have notified us of their intention to apply under the *Local Government Act 1993* (the Act) for a Special Variation or Minimum Rate increase for 2016-17.

If councils decide to proceed with their application they must apply to IPART by 15 February 2016 in the case of special variations. Applications for proposed increases in Minimum Rates are due by 14 March 2016.

## 2 What is a special rate variation?

A special variation allows councils to increase general income above the rate peg, which has been set by IPART at 1.8% for 2016-17. For most councils, general income consists of rates income. For a small number of councils, general income also includes some annual charges such as drainage levies.

The Act provides for two types of special variations:

- ▼ a single year percentage increase, under section 508(2)
- ▼ successive annual percentage increases over a period of between 2 and 7 years, under section 508A.

Applications for each of these may be either permanent ie, the rates base stays at the higher level following the special variation, or temporary ie, the rates base returns to its previous levels after the specified duration of the special variation.

## 3 Which councils have notified us?

Under the Office of Local Government's (OLG) Guidelines, released on 15 January 2016, **councils that are the subject of merger proposals will not be eligible for a special variation or minimum rate increase for the 2016-17 rating year.**

Table 1 lists the councils that have notified us that they intend to apply either for a special variation or an increase in minimum rates for 2016-17. This list excludes the 6 councils that initially notified us during December, that are subject to merger and the 1 notification that was withdrawn.<sup>1</sup>

Table 1 provides details of the proposed increases and how the funds are to be used. Some of the proposed percentage increases are estimates only. This is because the council may decide to apply for different special variation percentages after concluding its community consultation or deliberating on its revenue and expenditure plans for the coming year(s).

We have posted the notification letters we have received on our website at: [http://www.ipart.nsw.gov.au/Home/Industries/Local Govt/Special Variations and Minimum Rates/Applications Received Determinations](http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Special_Variations_and_Minimum_Rates/Applications_Received_Determinations).

Most councils have completed, or are currently about to complete, consultation with their communities about their proposed special variations.

Councils seeking a special variation for 2016-17 must apply to IPART by 15 February 2016.

<sup>1</sup> Councils that notified IPART during December 2015 that are subject to merger proposals were: Corowa Shire, Gundagai Shire, Guyra Shire, Murray Shire, Palerang and Snowy River Shire. Bland Shire withdrew its notification.

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## 4 How can ratepayers comment on their council's proposal?

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The Guidelines require councils to engage with their communities about the council's expenditure and revenue plans as part of the Integrated Planning and Reporting (IP&R) process. IPART encourages members of the community to participate in their council's community engagement processes. Information on community engagement will be available on council websites, in the local media or from councils directly.

For further information see our *Fact Sheet – Community awareness and engagement for special variation applications* – on IPART's website.

IPART does not hold public hearings as part of its assessment of applications by councils for proposed special variations. As councils must engage with the community when assessing options for a special variation, we expect that councils will have already sought and considered the community's views on their proposed special variation.

However, some members of the community may wish to also make a submission to IPART. We will accept and consider all submissions from interested groups or individual ratepayers regarding special variations up until four weeks after the application deadline.

We will accept submissions using our electronic submission facility that is located on the council applications page of our website at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au). In regards to proposed special variations, we will accept submissions until 14 March 2016. For minimum rate applications we will accept submissions until 11 April 2016.

Members of the community and industry stakeholders may indicate in writing at the time of their submission that they prefer it or any part of it to be treated as confidential.

We will post all non-confidential public submissions from 14 March 2016. We generally remove email addresses, postal addresses and telephone numbers before publishing submissions.

Submissions may also be emailed to [localgovernment@ipart.nsw.gov.au](mailto:localgovernment@ipart.nsw.gov.au) or posted to:

Local Government Team  
Independent Pricing and Regulatory Tribunal of NSW  
PO Box K35  
Haymarket Post Shop NSW 1240

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## 5 How will IPART assess the applications?

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Once we receive the councils' applications we will assess them against the criteria set out in the Office of Local Government's *Guidelines for the preparation of an application for a special variation to general income for 2016-17*, (the SV Guidelines) or *Guidelines for the preparation of an application to increase minimum rates above the statutory limit 2016-17*, (MR Guidelines).

A copy of both sets of guidelines are available on IPART's website.

For further information see our *Fact Sheet – How does IPART assess applications for special variations by councils* – on IPART's website.

**Table 1 Council notifications for special variations and minimum rate increases for 2016-17, excluding councils subject to merger proposals**

Council	Type of SV or MR	Notified application - % increase per year (includes rate peg <sup>a</sup> )							Cumulative % rise	Purpose
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23		
Bogan Shire	508A	3.3	4.0	4.0	4.0	4.0	4.0	4.0	30.7	Upgrading of infrastructure.
Clarence Valley	508A	6.5	6.5	6.5	6.5	6.5			37.0	Improve maintenance of roads and related infrastructure.
Great Lakes	508A	6.50	4.25	4.25	4.25				20.70	Infrastructure maintenance and renewal, existing debt repayments, maintain services and financial sustainability.
Greater Taree City	508A	6.9	6.9	6.9	6.9	6.9	6.9		49.2	Improve maintenance and renewal of local road network.
Gwydir Shire	508(2)	30.0							30.0	Improve financial sustainability.
Lachlan Shire	508A	6.8	7.5	7.5	7.5				32.7	Maintain services and assets, reduce infrastructure backlog and improve financial sustainability.
Lismore City	508(2)	3.6							3.6	Implementation of Biodiversity Management Strategy.
Penrith City	508A	9.09	5.00	5.20	5.40				27.01	Maintain and improve services and infrastructure as well as continuation of expiring special variation for Asset Renewal and Established Areas (AREAS) strategy.
Singleton	508A	9.75	9.75	9.75	9.75				45.08	Improve asset maintenance. Proposal includes the expiry of an existing 3% levy at the end of 2016-17.
Tweed Shire	508(2)	2.7							2.7	Levy on residents of a new urban release area to protect bushland within and around the development.
Wagga Wagga City	508(2)	5.63							5.63	Temporary increase in general income for a five year period to fund upgrading levee banks.

<sup>a</sup> The rate peg increase for 2016-17 is 1.8%. Where Councils have not assumed a rate peg in future years, IPART has assumed 2.5%.

Council	Type of SV or MR	Notified application - % increase per year (includes rate peg)							Cumulative % rise	Purpose
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23		
Wingecarribee Shire	508A	9.25	9.25	9.25	12.15				46.24	Fund higher opex costs, maintain and renew infrastructure and permanently renew the Environmental Levy from 2019-20.
Yass Valley	508A	8.5	8.5	8.5	8.5				38.6	Improve financial sustainability.