

FACT SHEET

Council notifications received by IPART for 2013/14 special variations

Updated – 8 March 2013

Purpose

This fact sheet provides a list of councils that have formally notified IPART that they intend to apply for a Special Variation under the *Local Government Act 1993* (the Act) for 2013/14.

A special variation allows councils to increase general income above the rate peg, which has been set by IPART at 3.4% for 2013/14. General income mainly includes council rate revenue.

There are 2 types of special rate variations that a council may apply for under the Act:

- ▼ a variation in a single year under section 508(2) of the Act
- ▼ variations in more than 1 year (up to 7 years) under section 508A of the Act.

Most councils are currently undertaking consultation with their communities about their proposed special variations. If councils decide to proceed with their applications, they must submit them to IPART by 11 March 2013.

Process that IPART will use to assess applications

Councils intending to submit an application under section 508A were required to notify IPART of this intention by 14 December 2012.

While notification is not a requirement for councils intending to submit an application for under section 508(2), several councils have notified us that they intend to apply for a s508(2) special variation.

We have compiled this fact sheet based on the notifications that we have received.

Councils must submit all applications for special variations by 11 March 2013. We will then assess applications against the criteria set out in the *Guidelines for the preparation of an application for a special variation to general income* that have been published by the Division of Local Government, Department of Premier and Cabinet.

Copies of the Guidelines are available on IPART's website. Box 1 contains an abbreviated version of the criteria.

Box 1 Assessment criteria for special variation applications for 2013/14

The assessment of applications for a special variation will examine the extent to which councils have fulfilled their obligations under Integrated Planning and Reporting, in accordance with the criteria. In summary, the criteria are that the council:

1. demonstrates the need for the revenue provided by the proposed special variation. This need is to be clearly articulated and identified through the council's Integrated Planning and Reporting (IP&R) documents, including its Delivery Program and Long Term Financial Plan.
2. provides evidence that the community is aware of the need for, and extent of, a rate rise and that the council has engaged with its community.
3. shows that the impact on affected ratepayers is reasonable, having regard to current rate levels, the existing ratepayer base and the proposed purpose of the variation. The proposed rise must also be affordable, having regard to the ratepayers' capacity to pay.
4. bases its proposed Delivery Program and Long Term Financial Plan on realistic assumptions.
5. explains the productivity improvements and cost containment strategies it has realised in past years, and plans to realise over the proposed special variation period.

Further,

6. IPART will assess each application based on its merits against criteria 1-5 above. In doing so, IPART will consider:
 - the size of the council
 - the resources of a council
 - the size (both actual \$ and %) of increase requested
 - current rate levels and previous rate rises
 - the purpose of the special variation, and
 - any other matters it considers to be relevant.

Transitional arrangements have been included in the Guidelines for 2013/14 to allow IPART to approve a 508(2) special variation for a council that otherwise meets the criteria, but has not included all the necessary information in its IP&R documents.

Councils are required to engage with their communities on rate increases

IPART does not hold public hearings as part of its assessment of council applications. The *Guidelines* require councils to directly engage with their communities about the council's expenditure and revenue plans as part of the Integrated Planning and Reporting 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.

Special variation notifications received from councils

Table 1 lists the councils that have notified us that they intend to apply for a Special Variation for 2013/14. Councils applying for a section 508(2) special variation are not required to notify us, and therefore Table 1 is unlikely to be a complete list of all councils intending to submit an application to IPART for a special variation.

Some of the proposed increases are estimates only. This is because the special variation percentages that have been notified to us may change following completion of a council's community consultation or the council's final deliberations on its revenue and expenditure plans for the coming year/s.

The notification letters we received are posted on our website at the following link: http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Special_Variations_and_Minimum_Rates/Applications_Received_Determinations

Applications to increase minimum rates

Councils that wish to increase minimum rates above the minimum rate statutory limit must obtain IPART's approval. However, they are not required to notify us of their intention to apply. Applications for increases to minimum rates above the statutory limit are due by 25 March 2013.

Submissions to IPART from the public

Although we do not solicit them, we will accept and consider submissions from interested groups or individual ratepayers regarding special variations up until 4 weeks after the relevant application deadline. For 2013, this date is 8 April 2013.

We prefer ratepayers to lodge submissions using the Local Government electronic submission portal that is included on our website (www.ipart.nsw.gov.au), and which can be accessed on the page of council applications. This will be activated for submissions after council applications are received on 11 March.

Submissions may also be sent by post to:

Local Government Team
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
QVB Post Office NSW 1230

Or by email to: localgovernment@ipart.nsw.gov.au.

In general, unless confidentiality is requested, we publish submissions from the public on our website.

For further information see our Fact Sheet - *Our role in local government rate setting and special variations* on IPART's website.

Table 1 Councils that have notified us that they intend to apply for a Special Variation (SV)

Council	Type of SV	Notified SV (including the rate peg) - % increase in year							Summary of reasons
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
Bega Valley Shire Council	508A	5.4%	5.4%*	5.0%					The SV is for road and infrastructure maintenance. 2014/15 includes renewal of an existing 2.4% levy for infrastructure maintenance, due to expire 30 June 2014.
Blue Mountains City Council	508(2) – permanent	7.8%*							To continue an existing SV to fund infrastructure maintenance, mainly for roads, stormwater and recreation assets.
Camden Council	508(2) – temporary -6 years	4.5%*							To continue an existing SV to partly fund an extension of the existing Community Infrastructure Renewal Program.
Cessnock City Council	508(2) – temporary – 1 year	TBC							To continue an expiring SV of 6.05% for resealing/rehabilitating priority roads.
Cobar Shire Council	508(2) – permanent	25%							Financial sustainability and asset maintenance.
Coffs Harbour City Council	508(2) – temporary – 10 years	5.4%*							To extend a special CBD rate due to end 30 June 2013 for 10 years to fund capital works according to its CBD Master Plan.
Corowa Shire Council	508(2) - permanent	7%							For financial sustainability and infrastructure renewal.
Great Lakes Council	508(2) – part temporary – 7 years, part permanent	13.9%* (estimate)							The SV will replace an existing SV and will continue for 7 years the Environmental and Dredging SV, which is due to expire 30 June 2014.
Gunnedah Shire Council	508A	19%	9%	9%					To address infrastructure maintenance gap and increase renewal and replacement expenditure.

Council	Type of SV	Notified SV (including the rate peg) - % increase in year							Summary of reasons
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
Hunters Hill Council	508(2) – part temporary – 10 years, part permanent	10.67%*							Continuation of 2 expiring SVs totalling 5.27% (Infrastructure and Environment) for 10 years and a permanent 2% operational catch up.
Junee Shire Council	508A	10%	19.1%*	9%					To maintain/renew road and drainage infrastructure and reintroduce a kerb and gutter program. A SV of 9.6%, expiring on 30 June 2014, is included in 2014/15 to fund road resealing.
Kiama Municipal Council	508(2) – permanent	TBC							To continue 2 expiring SVs (due to end 30 June 2014 and 30 June 2015) permanently for infrastructure renewal works.
Kogarah City Council	508A	5.9%*	4.8%	4.8%	4.8%				To maintain current levels of service and continue 2 expiring SVs for infrastructure maintenance and renewal.
Ku-ring-gai Council	508(2) – temporary – 5 years	8.4%*							Continuation of Infrastructure Levy with additional revenue to be used for road infrastructure works.
Lismore City Council	508(2)	3.82%*							Replacement of an expiring SV on businesses to fund promotion of business in LGA.
Parkes Shire Council	508A – 1 of 2 scenarios	10% or 13%	10% or 13%	10% or 13%	10% or 13%				To maintain and renew assets. The 13% pa scenario will fund an increase in assets.
Randwick City Council	508A	3.59%	3.59%	3.59%	3.59%				To secure funding for the Delivery Program 2013-17 and resourcing requirements as per Long Term Financial Plan, Asset Management Plans and Workforce Plan.
Rockdale City Council	508A [may be submitted as a 508(2) for 2013/14]	6.4%	6%	6%	6%	6%			SV of 3% above the rate peg for 5 years for the renewal of assets.

Council	Type of SV	Notified SV (including the rate peg) - % increase in year							Summary of reasons
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
Shellharbour City Council	508A – 1 of 2 scenarios	6.4% or 8.4%	6% or 9%	7% or 10%	7.5% or 10%				To maintain and improve infrastructure.
Shoalhaven City Council	508(2) – permanent	8%							To address a shortfall in expenditure on the council's infrastructure assets. Additional revenue will fund road renewal and pedestrian facilities.
Upper Hunter Shire Council	508A	5.9%	5.5%	5.5%					To upgrade road infrastructure.
Walgett Shire Council	508(2) – permanent	7.5% (estimate)							To fund local road network repairs and maintenance.
Wyong Shire Council	508A	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	Financial sustainability and infrastructure backlogs

* includes an expiring special variation. TBC = to be confirmed.

Note: To report the variations sought by councils on a consistent basis, the SV percentages above include the rate peg and proposed continuations of SVs that were due to expire. We have used the actual rate peg of 3.4% for 2013/14 and have assumed, for the purpose of the table, a rate peg of 3.0% thereafter. Actual rate pegs for 2014/15 onwards are yet to be determined.

Gilgandra Shire Council withdrew its notification on 21 December 2012.

Mid-Western Regional Council withdrew its notification on 12 February 2013.

Broken Hill City Council withdrew its notification on 8 March 2013.

