

UNDERSTANDING HOW & WHERE YOUR RATES ARE GENERATED

Each year, IPART sets the rate peg, which reflects price changes over the past year for goods, materials and labour used by an average council. The rate peg is the amount councils can increase their general revenue (mainly rates revenue) to cover increasing costs.

IPART HAS SET THE RATE PEG AT 2.4% FOR 2015-2016.

All councils are able to increase their rates by this amount if they decide to. [Local councils needing to increase their general income above the rate peg can apply to IPART for a Special Rate Variation.](#)

SPECIAL RATE VARIATION APPLICATIONS ARE NOT WIDE SPREAD

152 Number of NSW councils

22 Number of applications received from NSW

Main reasons for submitting an SRV request: [Infrastructure maintenance and renewal](#), [financial sustainability](#).

ASSESSMENT CRITERIA

The Office of Local Government sets 5 main criteria for our assessment of Special Variation applications.

1. NEED

Councils need to show why they need the extra money, and also that they have considered other options. To do this, they need to have a Long Term Financial Plan with both a Base Case and Special Variation scenario.

2. AWARENESS

It is a council's responsibility to ensure the community is aware of the size of the proposed Special Variation, and that it's explained in terms they understand. If ratepayers are opposed they need to make their case to their elected councilors.

3. IMPACT

What is the impact on ratepayers? The proposed increases must be reasonable, taking into account the community's willingness and capacity to pay.

4. IP&R

All NSW councils have to consult with their communities about how they propose to spend ratepayers' funds as part of their preparation of an Integrated Planning and Reporting framework (IP&R). Councils need an IP&R before they apply for a special variation.

5. PRODUCTIVITY

As well as looking at generating more funds, councils have to show what steps they've taken to deliver their services efficiently, and what's planned for the Special Variation period to ensure value for ratepayers.

[Once each application has been assessed against this criteria, IPART makes a decision.](#)

It is up to elected councils to determine whether they increase rates in line with our determinations as long as they don't exceed the total amount approved by IPART.