

## Hawkesbury City Council special rate variation application approved

The Independent Pricing and Regulatory Tribunal (IPART) has approved Hawkesbury City Council's application to increase general income by more than the rate peg of 2.3% from 1 July 2018.

The council has received approval to permanently increase its general income by 9.5% for each of the next three years, including the rate peg, to fund operating and capital expenditure for its key assets - roads, parks, buildings and recreation facilities and improve its financial sustainability. The cumulative increase of 31.3% is 23.8% more than the assumed rate peg increase over the three-year period to 2020-21.

IPART Chair Dr Peter Boxall said special variations are designed to give councils the flexibility to generate additional income above the rate peg to meet their specific needs, with an independent process to assess the increase.

"Hawkesbury City Council was able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue, that it had appropriately engaged the community about the proposed rate increases, and that it is taking steps to improve productivity and contain costs." Dr Boxall said.

The council intends to use the additional \$14.5 million to be generated over the next three years for both operating and capital expenditure to maintain service levels at acceptable standards, improve service levels for some key assets, address its infrastructure backlog and improve its financial sustainability.

The application was assessed by IPART against the NSW Government's published criteria, taking into account the council's planning and reporting documents and financial need for the additional revenue, its community consultation on the proposed changes and the capacity and willingness of ratepayers to pay the requested increase.

Submissions received directly from ratepayers, community groups, business groups and other stakeholders were also considered.

"Based on the council's application, the average residential rate will increase by \$107 in 2018-19 or by \$351 over three years. In the first year, the average business rate will rise by \$211, while farmland rates will rise by an average of \$221," Dr Boxall said.

"We consider the impact of the increase is substantial but reasonable given current average rates are lower than those in neighbouring and comparable council areas.

“Further, socio-economic indicators such as household income, measures of disadvantage and housing stress, compared to other areas in NSW, suggest the rate increase is likely to be manageable.”

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| Requested special variation  | 31.3% cumulative increase over 3 years to be retained permanently in the rate base                                       |
| Outcome (including rate peg)   | Approved in full.  |
| Increase in the average residential rate 2018-19                                 | \$107  |
| Total cumulative increase in resident rate over 3 years (including the rate peg) | \$351  |
| Summary of purpose   | Maintain and improve service levels and key assets, address infrastructure backlog and improve financial sustainability. |

IPART has attached conditions to the approval requiring the additional income to be used for the purposes outlined in the application, and that the council reports to the community about how the additional revenue is spent.

Hawkesbury City Council is among 13 councils across NSW (of a total of 128) to make a special variation application to increase rates for 2018-19. IPART approved 9 applications in full, 2 applications in part, and 2 applications were not approved.

IPART will set the next rate peg, to apply from 1 July 2019, in September this year to provide councils with more time to prepare annual budgets and consult with their communities if they are considering applying for a special rate variation.

The full reports on all of the councils' applications are available on IPART's website <<http://www.ipart.nsw.gov.au>>.

Note: All percentages include the 2.3% rate peg applicable to all NSW councils in 2018-19, and the estimated rate peg in subsequent years.