

## Lithgow City Council's special rate variation partially approved

IPART has approved in part Lithgow City Council's application for a special rate variation, reducing the requested 11.7% increase to 9.0% from 1 July 2019.

The decision reflects IPART's concern that the Council did not ensure the higher figure was broadly understood by the community, in the context of the substantial impact of the proposed increase on ratepayers.

IPART's decision means the Council is now able to increase the average residential rate by \$29 in 2019-20. Average business rates would rise by \$165, average farmland rates by \$55 and average mining rates would increase by \$6,099 in 2019-20.

IPART Chair Dr Paul Paterson said 242 submissions regarding the proposed increase were received by IPART, with almost all opposed to the increase on the grounds of affordability for ratepayers.

"Nevertheless, we are satisfied the Council has demonstrated its need for additional revenue to improve its financial sustainability and to fund operating and capital costs, and that it is taking steps to improve productivity and contain costs.

"Over 66 submissions received from the community mentioned the 9.0% total cumulative impact instead of the requested 11.7% cumulative increase," Dr Paterson said. This stemmed from an unclear description of the proposed SV in some of the consultation materials used by the Council to engage with its community.

"Our decision reflects the percentage increase that was more consistently understood by the community" Dr Paterson said.

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.

This decision enables the Council to commence implementing its expenditure program in 2019-20, whilst considering whether to apply for a special variation in future years.

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.

<b>Requested special variation</b>	11.7% increase in 2019-20 to be retained permanently in the rate base.
<b>Outcome</b>	9.0% increase in 2019-20 to be retained permanently in the rate base.
<b>Estimated increase in the average residential rate (including rate peg)</b>	\$29 in 2019-20
<b>Summary of purpose</b>	Maintain existing services, fund maintenance and renewal of infrastructure assets, enhance financial sustainability and to address infrastructure backlog.

Lithgow Council is among 13 councils across NSW (of a total of 128) to make a special variation application to increase rates for 2019-20. IPART approved eight applications in full, three applications in part, while two application were not approved.

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 2.7% rate peg applicable to all NSW councils in 2019-20, and an estimated rate peg in subsequent years.

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