

2015-16 SPECIAL RATE VARIATION DECISIONS FOR 22 COUNCILS

19 May 2015

The Independent Pricing and Regulatory Tribunal (IPART) today released decisions on special variation applications made by 22 of the 152 councils across NSW to increase the income they receive from rates.

IPART Chairman, Dr Peter Boxall said all but 1 of the applications for special variations met the assessment guidelines of the Office of Local Government and were approved in full. One application was partially approved due to inadequate community consultation.

“While it is up to elected councils to determine whether they increase rates in line with our determinations, most approvals would lead to increases in average rates of less than \$1.50 per week in 2015-16,” Dr Boxall said.

“If implemented in full, 10 of the applications approved would lead to average increases in residential rates of less than \$1 a week in 2015-16 including the 2.4% rate peg, 6 approvals will lead to increases of between \$1 and \$1.50 a week, and 5 will increase rates by between \$1.50 and \$2.50 a week. The remaining council, Gwydir, has the largest increase of \$3.33 a week.”

IPART approved a 15% increase for 1-year in Gwydir rather than the 32.25% increase over 2 years that the council has requested. IPART was not convinced that the community had been properly informed of the total increase in rates arising from the proposed change in rating structure. The increase for 2015-16 will be removed from the council’s rate base the following year unless the council applies for another special variation.

The largest cumulative increase approved is for Wollondilly Shire where average residential rates could increase by \$1.94 a week in 2015-16. If applied in full, by 2018-19 the average residential ratepayer will pay \$10.13 a week more than in 2014-15.

Dr Boxall said all councils lodging an application must demonstrate the need for the additional revenue, that their community has been appropriately engaged and that the council is taking steps to improve productivity and contain council costs.

IPART also considers each council’s long-term financial plan and the impact of the variation on affected ratepayers.

“Special variations are designed to give councils the flexibility to generate additional income above the rate peg to meet their specific needs,” Dr Boxall said.

“Under the current system, the rate peg ensures that the general revenue councils are able to collect is in line with any changes in their costs. Set at 2.4% for 2015-16, the rate peg is not designed to allow for improvements in services, improving a council’s financial position or to fund capital works.”

“The special rate variation process is open to councils that need additional funds to address these needs, as long as they meet the assessment criteria.”

“We expect that councils have listened to their communities and considered their capacity and willingness to pay prior to applying to IPART. Councils are closer to their communities, and while IPART may approve a special variation, it is up to the councils to decide whether to implement it in full,” Dr Boxall said.

IPART has granted special variations in 2015-16 for the following councils:

Ashfield	Gloucester	Mosman	Wakool
Ballina	Greater Hume	Narromine	Weddin
Blue Mountains	Gwydir	Newcastle	Willoughby
Coffs Harbour	Jerilderie	Oberon	Wollondilly
Deniliquin	Kyogle	City of Ryde	
Eurobodalla	Marrickville	Shoalhaven	

IPART has attached conditions to the approvals requiring that the additional income be used for the purposes outlined in the application and that councils report to their communities each year about how the additional revenue is spent.

Applications for increasing minimum rates were approved for Gundagai and Kyogle Councils. In addition, Crown Land adjustments were approved for Kyogle, Port Stephens and Wingecarribee Councils.

Details of the special variation requested by each council and IPART’s determinations are in the attached fact sheet. Full reports can be found on IPART’s website www.ipart.nsw.gov.au.

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