

INNER WEST LOCAL COUNCIL SPECIAL RATE VARIATIONS APPROVED

19 May 2015

The Independent Pricing and Regulatory Tribunal (IPART) has approved applications from Ashfield and Marrickville councils to increase general income by more than the rate peg amount of 2.4% from 1 July 2015.

Ashfield Council applied for 4 consecutive increases of 7.5% in 2015-16, 8.2% in 2016-17, 8.9% in 2017-18 and 9.3% in 2018-19, all including the annual rate peg, to be retained permanently in its rates base.

Marrickville Council applied for a permanent increase of 5.4% from 1 July 2015, including the rate peg.

In approving the councils' applications, IPART has imposed conditions requiring that the additional income be used for the purposes outlined in the applications, and that the councils report to their communities in their annual reports each year until 2024-25 on the outcomes achieved.

IPART Chairman 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 assessment process to approve the increase.

Applications are assessed by IPART against the NSW Government's published criteria, with submissions received directly from ratepayers, community groups, business groups and ratepayer associations also considered.

"In making these assessments, we have considered each council's long term financial plan, taking into account the financial need of the council and the capacity and willingness of ratepayers to pay the requested increase," Dr Boxall said.

"Both of these councils were able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue, that they had appropriately engaged the community about the proposed rate increases, and that they are taking steps to improve productivity and contain costs."

Through the rate peg and special variation process, IPART determines the increases to councils' general income. Councils decide how to allocate the increase among all their different ratepayer categories, such as residential and business.

Ashfield Council

Based on Ashfield Council's application, average residential rates would increase by \$77 in 2015-16, average business rates would increase by \$344 and minimum rates for businesses would increase by \$40 in the first year.

The increases would generate an additional \$11.9 million above the rate peg over the 4-year period which will be used to accelerate the redevelopment of its Aquatic Centre, renew other assets and improve its financial sustainability.

"After careful consideration, IPART has decided to approve the special variation in full, allowing Ashfield Council to increase its general income from rates by 38.4% including the assumed rate peg over the next 4 years, and to maintain it at this new base level in the future," Dr Boxall said.

Ashfield Council – special variation summary

Increase in 2015-16 (including rate peg)	7.5%
Increase in average residential rates 2015-16 (\$)	\$77
Summary of purpose	Accelerate redevelopment of Aquatic Centre and renew other infrastructure.
Total cumulative increase over 4 years (including rate peg)	38.4%

Marrickville Council

Based on Marrickville Council's application, average ordinary residential rates would increase by \$46 in 2015-16. Business rates would increase by \$286.

The increase would generate an additional \$15 million above the rate peg over the next 10 years which would fund renewal of roads and carparks, community buildings, stormwater drainage, parks and footpaths.

"In making this assessment we considered the council's long term financial plan and have determined that the impact on affected ratepayers is reasonable," Dr Boxall said.

Marrickville Council – special variation summary

Increase in 2015-16 (including rate peg)	5.4%
Increase in average residential rates 2015-16 (\$)	\$46
Summary of purpose	To renew infrastructure and reduce backlogs.
Total cumulative increase (including rate peg)	5.4%

The 2 inner west councils are among the 22 councils that made an application for a special variation of the 152 councils in NSW. IPART approved 21 applications in full and 1 was partially approved.

The full report on Ashfield Council's application is available on IPART's website <<http://www.ipart.nsw.gov.au>>.

Media Contact: Julie Sheather 02 9290 8403 or 0409 514 643