

BLUE MOUNTAINS CITY COUNCIL'S SPECIAL RATE VARIATION APPROVED

19 May 2015

The Independent Pricing and Regulatory Tribunal (IPART) has approved Blue Mountains City Council's application to increase general income by more than the rate peg amount of 2.4%.

The council applied for an increase of 6.6% in 2015-16 followed by increases of 9.6% in each of the next 3 years to 2018-19, to be retained permanently in its rates base.

The increases will generate an additional \$30.4 million above the rate peg over the next 4 years to enable the council to continue its environmental program, fund infrastructure renewal and maintenance, improve services to its community, enhance its capacity for emergency response and improve its financial sustainability.

In approving the council's application, IPART has imposed conditions requiring that the additional income be used for the purposes outlined in the application, and that the council report to the community in its Annual Report each year until 2024-25 on the outcomes achieved.

IPART Chairman Peter Boxall said the council's application was assessed against the NSW Government's published criteria. Submissions received directly from ratepayers, community groups, business groups and ratepayer associations were also considered.

"IPART has decided to approve the special variation in full, allowing Blue Mountains City Council to increase its general income from rates by 6.6% including the rate peg in 2015-16 and 9.6% over the following 3 years to 2018-19, and to maintain it at this new base level in the future," Dr Boxall said.

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, business, farmland and mining.

Based on Blue Mountains City Council's application, average residential rates would increase by \$41 in 2015-16, business rates by \$98, and farmland rates by \$64.

"These increases in average rates in 2015-16 are not as high as they would otherwise have been as the increase replaces an existing special variation for an environmental program that was due to expire," Dr Boxall said.

Dr 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.

“In making this decision, we are conscious that concerns have been raised both with the council and with IPART about the affordability of the increases, and the information provided in the community consultation process,” Dr Boxall said.

“Each of these issues has been carefully considered. We also considered and assessed the application against all the criteria and we have determined that Blue Mountains City Council’s application meets the criteria for approval of the special variation.

In approving the application, IPART noted that Blue Mountains City Council has a hardship policy to assist ratepayers with payment difficulties. The council has committed to reviewing its hardship policy to investigate if it can provide further assistance to ratepayers with payment difficulties.

Blue Mountains City Council is one of 22 councils that made an application for a special variation of the 152 councils in NSW. We approved 21 applications in full and 1 application was partially approved.

The full report on Blue Mountains City Council’s application is available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

Blue Mountains City Council – special variation summary

Increase in 2015-16 (including rate peg)	6.6%
Increase in average residential rates 2015-16 (\$)	\$41
Summary of purpose	Continue environmental protection and restoration, fund asset renewal and maintenance, enhance emergency response capacity and improve services to the community and financial sustainability.
Total cumulative increase over 4 years (including rate peg)	40.34%

Media Contact

Julie Sheather 02 9290 8403

0409 514 643