

IPART DECISIONS ON COUNCIL SPECIAL RATE VARIATION APPLICATIONS

4 June 2012

The Independent Pricing and Regulatory Tribunal (IPART) today released its decisions on applications made by 15 local councils across NSW to vary the income they receive from rates.

Thirteen councils applied for a special variation to increase their general income by more than the rate peg of 3.6% for 2012/13, and 2 councils applied to increase their minimum rates. Nine of the applications were approved in full, 6 were approved for a lower amount or for fewer years than the council requested. A late application received from Blayney Shire Council is still being considered.

IPART Chairman, Dr Peter Boxall said "Five of the approvals – from Coffs Harbour, Hunters Hill, Nambucca, Queanbeyan and Wingecarribee – will have little or no impact on average residential rates beyond the 3.6% rate peg announced in December 2011. This is because they are renewing an existing special variation that is about to expire."

The decision for Gilgandra also has a modest impact on rates of around 60 cents (\$30 for the year). The applications approved in Port Macquarie, Newcastle, Kempsey and Tamworth will lead to average rate increases in 2012/13 of between \$1.50 and \$2.20 per week (\$81 - \$114 for the year).

The increase requested by Lake Macquarie City Council over seven years has been partially approved, taking into account the financial plans of the council and the impact on ratepayers. Average residential rate increases in Lake Macquarie are likely to be around \$1.80 per week (\$93 for the year) more in 2012/13, rising to \$10 more per week (\$524) in 2018/19.

North Sydney is also a multi-year increase, with an average increase for residential rates of around 60 cents (\$30 for the year) for 2012/13 rising to \$4.20 per week (\$220) for 2017/18.

The highest individual rate impact of all of the decisions is in Muswellbrook where mining rates will increase by an average of \$174.5 a week (\$9,074 per annum).

Applications from Willoughby and Gundagai councils to increase minimum rates do not increase overall council income by more than the rate peg, but rebalance the rates paid for council services between different ratepayer categories. In Willoughby, ratepayers currently paying minimum rates will see in 2012/13 an annual increase of \$129.65 for residential properties, \$185.15 for ordinary business properties and \$196.95 for properties in the Chatswood Town Centre. Most other ratepayers will either face a decrease in rates or an increase that is less than the rate peg. Gundagai is increasing its minimum rates for the Town Improvement District (TID) special rate by \$6.60, in line with the rate peg.

“Most of the applications were for an increase in a single year and many of the applications were to continue existing time-limited levies for specific purposes that were due to end. Many of the increases were aimed at improving the councils’ financial sustainability and/or improving the quality of existing infrastructure.”

“Special variations provide flexibility for individual council circumstances, while ensuring accountability to local communities,” Dr Boxall said.

“Special variations allow additional council income to increase services, construct new capital works or address asset backlogs.”

“Some councils under financial pressure might not be adequately funding the maintenance of their assets. This would lead to declining infrastructure quality over time. Special variations help these councils to strengthen their financial position and improve the standard of roads, drainage and community assets.”

Dr Boxall said all applications are assessed against criteria set by government under the Local Government Act which include the demonstrated need for the increase, the impact on ratepayers, productivity improvements and community consultation.

“Our objective in reviewing these applications is to ensure that the councils demonstrate a clear financial need for the changes, that the potential impacts on ratepayers are reasonable and that the community has been appropriately consulted about the council’s plans,” Dr Boxall said.

“The overall quality of consultation with the community was better this year. We continue to emphasise to councils the importance of consulting and engaging with their communities and explaining clearly their expenditure plans and proposed rate increases”.

IPART’s decisions determine an overall allowable increase in a council’s general income. The rate levels that apply to different types of ratepayers, and the use to which general revenue is applied, are determined by the elected representatives of the individual councils.

Dr Boxall said there were fewer applications received this year overall, and fewer requests for large or multi-year increases. The approvals granted by IPART are for:

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| ▼ Coffs Harbour | ▼ Muswellbrook | ▼ Queanbeyan |
| ▼ Gilgandra | ▼ Nambucca | ▼ Tamworth |
| ▼ Gundagai | ▼ Newcastle | ▼ Wingecarribee |
| ▼ Hunters Hill | ▼ North Sydney | ▼ Willoughby |
| ▼ Kempsey | ▼ Port Macquarie-
Hastings | |
| ▼ Lake Macquarie | | |

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

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