

FAIRFIELD CITY COUNCIL'S SPECIAL RATE VARIATION APPROVED

3 June 2014

The Independent Pricing and Regulatory Tribunal (IPART) has approved Fairfield City Council's application to increase general income by more than the rate peg amount of 2.3% to improve local roads, buildings and public spaces.

The council applied for a permanent increase of 10% (including the rate peg) from 1 July 2014. The increase will generate an additional \$60.5 million above the rate peg over the next 10 years which will fund increased operating costs, renewal and upgrades of council buildings, roads, facilities and sportsgrounds, and a new Fairfield City Centre Park.

IPART Chairman Peter Boxall said the increase replaces an expiring special variation of 5% above the rate peg that had been in place since 2001.

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 2023/24 on the outcomes achieved.

"IPART has decided to approve the special variation in full, allowing Fairfield City Council to increase its general income from rates by 7.7% above the rate peg from 1 July 2014 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 and rural lands.

Based on Fairfield City Council's application, average ordinary residential rates will increase by \$38 in 2014/15, business rates by \$346, and farmland rates by \$101.

The council's application was assessed against the NSW Government's published criteria.

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.

"Fairfield City Council was 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," he said.

"In making this assessment, we also considered the council's long term financial plan and whether the impact of the variation on affected ratepayers is reasonable.

“While these increases will impact on the community, we believe they are reasonable under the criteria given that it replaces an expiring special variation, and that the council responded to community concerns about affordability by reducing its application to a single year increase of 10% from its original option of 34% cumulative increase over 5 or 6 years including the rate peg,” Dr Boxall said.

Fairfield City Council is one of 32 councils that made an application for a special variation of the 152 councils in NSW. Twenty-eight applications were approved in full, 1 was declined and 3 applications were partially approved. IPART also approved 2 applications for increases to minimum rates and 3 applications for Crown Land adjustments.

The full report on Fairfield City Council’s application is available on the IPART website at www.ipart.nsw.gov.au.

Fairfield City Council – special rate variation summary

Increase in 2014/15 (including rate peg)	10%
Residential rates \$ increase 2014/15	\$38
Summary of reasons	To fund increased operating costs, infrastructure renewal/upgrades and new facilities.
Total cumulative increase (including rate peg)	10%

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