

HOLROYD CITY COUNCIL'S SPECIAL RATE VARIATION APPROVED

3 June 2014

The Independent Pricing and Regulatory Tribunal (IPART) has approved Holroyd City Council's application to increase general income by more than the rate peg amount of 2.3% to maintain current service levels, address infrastructure backlogs and to improve its financial sustainability.

The council applied for 5 consecutive increases of 8% each year from 2014/15 to 2016/17, and 7% in 2017/18 and 2018/19, all including the annual rate peg, to be retained permanently in its rates base. The increases will generate an additional \$33.8 million above the rate peg over the 5-year period, which will be used to fund maintenance and renewal for roads, bridges, outdoor spaces and stormwater.

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 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.

"After careful consideration, IPART has decided to approve the special variation in full, allowing Holroyd City Council to increase its general income from rates by 29.08% above the rate peg over the next 5 years, 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 and business.

Based on Holroyd City Council's application, average ordinary residential rates will increase by \$62 in 2014/15. Business rates will increase by \$478, with the minimum rate for businesses also increasing by \$65 in the first year.

Dr Boxall said the application has been assessed in line with the NSW Government's published criteria. Submissions received directly from ratepayers were also considered.

"Holroyd 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.

“We are conscious that our decision to approve the increase in general income by 44.22% including the rate peg over the next 5 years is among the bigger percentage increases in NSW,” Dr Boxall said.

“But although these increases are significant, we have determined that they are reasonable under the criteria given the need for the revenue and that current residential rates are below those in similar council areas, and that the council has one of the lower rating bases among Sydney metropolitan councils.”

In approving the application, IPART noted that Holroyd City Council has a hardship policy, a pay by month option for ratepayers and an additional \$15 pensioner rebate over and above the statutory \$250 rebate.

Holroyd 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 Holroyd City Council’s application is available on the IPART website at www.ipart.nsw.gov.au.

Holroyd City Council – special rate variation summary

Increase in 2014/15 (including rate peg)	8%
Residential rates \$ increase 2014/15	\$62
Summary of reasons	To enhance services, fund infrastructure maintenance and renewal and improve financial sustainability.
Total cumulative increase over 5 year (including rate peg)	44.22%

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