

HUNTER'S HILL COUNCIL SPECIAL RATE VARIATION APPROVED

10.00am, Tuesday 11 June 2013

The Independent Pricing and Regulatory Tribunal (IPART) has approved Hunter's Hill Council's application to increase its general income by more than the rate peg amount of 3.4% to fund road renewals, environmental works and improve its financial sustainability.

The approved increase of 7.27% above the rate peg includes 5.27% to replace an expiring special variation to fund road-related infrastructure and environmental works for the next 10 years. It also includes a 2% increase to improve financial sustainability that will be permanently retained in the council's rate base.

IPART Chairman Dr Peter Boxall said the council's application was assessed against the NSW Government's published criteria.

"After assessing the application, IPART has decided to approve the special variation in full, allowing Hunter's Hill Council to increase its general income from rates by 7.27% above the rate peg," Dr Boxall said.¹

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 farmland.

"Based on Hunter's Hill Council's application, we estimate that the average ordinary residential rate will increase by \$71 in 2013/14, including the rate peg."

Dr Boxall said special variations 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 determine if the increase is realistic, justifiable and affordable.

"Hunter's Hill Council was able to meet the criteria for approval of the special variation and demonstrated a clear need for the additional revenue, that it had appropriately engaged the community about the proposed rate increases, and that it is taking steps to improve productivity and contain costs," he said.

"We also considered the council's long term financial plan and whether the impact of the variation on affected ratepayers is reasonable.

In approving the council's application, IPART has imposed conditions requiring that the additional income is used for the purposes outlined in the application, and that the council reports to the community in its Annual Report each year until 2023 on the outcomes achieved.

¹ The 2% increase is to be permanently retained in rate base. The 5.27% for road renewals and environmental works ends in 2023.

Hunter's Hill Council's application is one of 23 applications for special variations IPART received from NSW's 152 councils this year. IPART also received an application from Gundagai Shire Council to increase a minimum rate. Twenty-one applications were approved in full and 3 applications were partially approved.

The full report on the Hunter's Hill Council application is available on the IPART website at www.ipart.nsw.gov.au.

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