

IPART DETERMINES SPECIAL RATE VARIATION APPLICATION BY HUNTERS HILL COUNCIL

Embargoed until 10.00am 4 June 2012

The Independent Pricing and Regulatory Tribunal (IPART) today announced its decision on Hunters Hill Council's application to increase its general income (mainly rates income) in 2012/13 by more than the rate peg amount of 3.6%.

The council applied for an increase of 10.4% (which is 6.8% above the rate peg) to fund its road renewals (4.8%) and to partly address a funding gap for operating expenses (2.0%) over the next 10 years. The council sought to retain this increase in the rates base for 10 years.

IPART Chairman, Dr Peter Boxall said, "After assessing the application against the NSW Government's published criteria, IPART has decided to approve the special variation."

"The main reason for this decision is that the council has demonstrated that it has satisfactorily met the criteria for a special variation."

Based on the council's application, we estimate that average residential rates will increase by \$74 in 2012/13 compared with the rates paid in 2011/12.

"IPART has attached a number of conditions to our decision, including that the council uses the income from the increase above the rate peg to fund its proposed infrastructure program, and that it reports on the outcomes from this program each year in its annual report."

"Before IPART approved the special rate variations we examined a number of factors", said Dr Boxall, "including demonstrated need for the increase, affordability of the increases for ratepayers and whether the council had demonstrated productivity savings. We placed particular emphasis on whether the council had consulted adequately with the community and had clearly communicated the impact of the increase on ratepayers."

"We considered the council's application and our own assessment of the council's financial capacity and management efforts to make productivity savings."

This year, IPART received fewer applications for special variations than in 2011. Of the 152 councils in NSW, IPART received applications for special variations from 14 councils. Seven applications were approved in full, 6 were approved for a lower amount or for fewer years than the council requested. The decision on the 1 remaining application will be made later in June (Blayney Shire Council).

Reports on our decisions are available on the IPART website.

See: http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt

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