

## **LIVERPOOL CITY COUNCIL'S SPECIAL RATE VARIATION APPROVED**

**3 June 2014**

The Independent Pricing and Regulatory Tribunal (IPART) has approved Liverpool 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 12% from 1 July 2014, including the rate peg. The increase will generate an additional \$85 million above the rate peg over the next 10 years which will fund maintenance and renewal of roads, community buildings, drainage, parks and sportsgrounds.

IPART Chairman Peter Boxall said the increase replaces an expiring levy of 12.5% including the rate peg that had been in place since 2009.

"IPART has decided to approve the special variation in full, allowing Liverpool City Council to increase its general income from rates by 9.7% above the rate peg from 1 July 2014 and to maintain it at this new base level in the future," Dr Boxall said.

"With ratepayers already paying for the expiring levy, the year on year increase will be 3.4% above current levels, or 1.1% more than the rate peg."

IPART has imposed conditions on Liverpool City Council 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.

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.

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 Liverpool City's Council's application, average ordinary residential rates will increase by \$36 in 2014/15, business rates will increase by \$205, and farmland rates will increase by \$102.

The council's application was assessed against the NSW Government's published criteria. Submissions received directly from ratepayers, community groups, business groups and ratepayer associations were also considered.

"In making this decision, we are conscious that concerns have been raised both with the council and with IPART about the need for efficiency improvements, affordability and consultation," Dr Boxall said.

“Each of these issues has been carefully considered and we have determined that Liverpool City Council’s application meets 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.

“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, and are comfortable that the council was able to demonstrate that its has weighed up community concerns against alternatives to the increases sought, and that the impact on ratepayers has been considered,” Dr Boxall said.

Liverpool City 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 Liverpool City Council’s application is available on the IPART website at [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au).

**Liverpool City Council – special rate variation summary**

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| Increase in 2014/15 (including rate peg)       | 12%  |
| Residential rates \$ increase 2014/15          | \$36   |
| Summary of reasons                             | To replace an expiring levy to address infrastructure backlog. |
| Total cumulative increase (including rate peg) | 12%  |

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