

IPART DETERMINES SPECIAL RATE VARIATION APPLICATION BY NEWCASTLE CITY COUNCIL

Embargoed until 10.00am 4 June 2012

The Independent Pricing and Regulatory Tribunal (IPART) today announced its decision on Newcastle City Council's application to increase its total rate revenue by more than the rate peg amount of 3.6%.

The council applied for an increase of 8.6%. This includes the rate peg and another 5.0% to partially fund a 10-year civic project program. This program involves 9 civic projects and includes the revitalisation of Hunter Street and the coast, upgrades to swimming pools, libraries and Blackbutt Reserve, new cycleways, the expansion of Newcastle Art Gallery, and a parking strategy.

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

"We have allowed a single increase in 2012/13 of 8.6%. This increase will be permanently retained in the council's income base".

Based on the council's application, we estimate that average residential rates will increase by \$81, general business rates by \$463 and farmland rates by \$148 in 2012/13 compared with the rates paid in 2011/12.

Dr Boxall said, "The council has demonstrated that it has met all criteria. In particular, the council showed that it had gained community support for the proposed civic projects and consulted extensively on the proposed special variation."

"Before IPART approved the special rate variation 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."

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

"The council will still have a significant asset backlog even with this additional income, although the backlog will be reduced."

The council is required to report in its Annual Report from 2012/13 to 2021/22 on the use of the additional funds and the outcomes achieved.

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

For media enquiries: contact 0431 810 345