

ROCKDALE CITY COUNCIL'S SPECIAL RATE VARIATION APPROVED

3 June 2014

The Independent Pricing and Regulatory Tribunal (IPART) has approved Rockdale City Council's application to increase general income by more than the rate peg amount of 2.3% to maintain services and address its infrastructure backlog.

The council applied for 4 consecutive increases of 6% each year from 2014/15 to 2017/18, all including the annual rate peg, to be retained permanently in its rates base. The increases will generate an additional \$15.1 million above the rate peg over the 4-year period, which will be used to fund continuation of its Renewing Rockdale program of works, improve financial sustainability and repay borrowings on the Rockdale Aquatic Centre redevelopment.

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 Rockdale City Council to increase its general income from rates by 14.46% above the rate peg over the next 4 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 Rockdale City Council's application, average ordinary residential rates will increase by \$59 in 2014/15, farmland rates by \$85 and business rates by \$153. Over the 4-year period, rates will increase by \$258 (residential), \$371 (farmland) and \$676 (business) including the annual rate peg which would have otherwise applied.

Dr Boxall said the rate increases have been assessed in line with the NSW Government's published criteria. Submissions received directly from ratepayers, community groups, business groups and ratepayer associations were also considered.

"Rockdale City Council was able to meet the criteria for approval of the special variation by demonstrating a clear need for the additional revenue, it has appropriately engaged the community about the proposed rate increases, and is 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.”

In approving the application, IPART noted that Rockdale City Council has a hardship policy in place for ratepayers unable to make payments.

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

Rockdale City Council – special rate variation summary

Increase in 2014/15 (including rate peg)	6%
Residential rates \$ increase 2014/15	\$59
Summary of reasons	To fund asset renewal and improve financial sustainability.
Total cumulative increase over 4 years (including rate peg)	26.25%

Media contact: Julie Sheather (02) 9290 8403 or 0409 514 643