

## **WARRINGAH COUNCIL'S SPECIAL RATE VARIATION PARTIALLY APPROVED**

**3 June 2014**

Concerns about the willingness of the community to pay for proposed rate increases and the council's sound financial position have led to the Independent Pricing and Regulatory Tribunal (IPART) limiting Warringah Council to increases in line with the council's assumed rate peg for the next 3 years.

The council applied for 4 consecutive increases of 6.1% in 2014/15, 6.0% in 2015/16 and 2016/17, and 5.9% in 2017/18, all including the annual rate peg, to be retained permanently in its rates base. IPART has decided to limit the increases to the council's assumed rate peg for the next 3 years, and to allow an increase of 9.4% in 2017/18, reducing the overall cumulative increase over the next 4 years from 26.2% including the rate peg to 19.7%.

This is 7.9% more than the council would have otherwise received under the rate peg, and is consistent with Option 2, the community's preferred option among those on which the council consulted.

In partially approving the council's application, 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, we have made the decision to partially approve the application along the lines of the council's option 2, because we are not confident that the increase is necessary in the short term," Dr Boxall said.

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.

"In making this decision, we are conscious that concerns have been raised both with the council and with IPART about the affordability of the increase and the level of council spending," Dr Boxall said.

"We have assessed the council's financial position and outlook as being sound for the immediate future, but its planning documents forecast operating deficits from 2018/19 onwards.

“For that reason, with a surplus expected for each of the next 3 years, we don’t believe the increase in general income is required now but agree that a special variation will be needed in 2017/18.”

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 Warringah Council’s application, IPART’s decision means that average ordinary residential rates will increase largely in line with the council’s assumed rate pegs for the next 3 years, and increase by \$224 in 2017/18. Business rates will increase by \$678 in the same year.

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

**Warringah Council – special rate variation summary**

Increase in 2014/15 (including rate peg)	3.1%
Residential rates \$ increase 2014/15	\$35
Summary of reasons	To increase services and assets and maintain financial sustainability.
Total cumulative increase over 4 years (including rate peg)	19.7%

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