

WOLLONGONG CITY COUNCIL'S SPECIAL RATE VARIATION APPROVED

3 June 2014

The Independent Pricing and Regulatory Tribunal (IPART) has approved Wollongong City Council's application to increase general income by more than the rate peg amount of 2.3% to maintain and improve roads, footpaths and other community facilities.

The council applied for 3 consecutive increases including 6.13% in 2014/15, 6.23% in 2015/16 and 6.24% in 2016/17, all including the annual rate peg, to be retained permanently in its rates base. The increases will generate an additional \$29 million above the rate peg over the next 3 years, which will be used to fund improvements to local infrastructure maintenance and renewal, maintain services and improve the council's financial sustainability.

In 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.

Dr Boxall said the application has 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.

"IPART has decided to approve the special variation in full, allowing Wollongong City Council to increase its general income from rates by 11.25% above the rate peg over the next 3 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 Wollongong City's Council's application, average ordinary residential rates will increase by \$77.35, in 2014/15, and farmland rates by \$108.05. Mining rates will increase by \$4,246.67 and business rates by between \$338.16 and \$4,997.58 depending on the business category.

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.

"Wollongong City Council was able to meet 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," 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.

“Some in the community have raised concerns with the council and with IPART about the affordability of the increases and the efficiency of the council,” Dr Boxall said.

“Although these concerns are valid, and the proposed increases are significant, the council was able to demonstrate that it has weighed up community concerns by modifying its original proposal, and that the impact on ratepayers has been considered.”

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

Wollongong City Council – special rate variation summary

Increase in 2014/15 (including rate peg)	6.13%
Residential rates \$ increase 2014/15	\$77.35
Summary of reasons	To fund infrastructure maintenance and renewal, maintain services and improve financial sustainability.
Total cumulative increase over 3 years (including rate peg)	19.78%

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