

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

**19 May 2015**

The Independent Pricing and Regulatory Tribunal (IPART) has approved Willoughby City Council's application to increase general income by more than the rate peg amount of 2.4% to reduce council's infrastructure backlog.

The council applied for 2 consecutive increases of 6.9% in 2015-16 and 4.6% in 2016-17, both including the rate peg, to remain temporarily in the rate base for 7 years.

IPART Chairman Dr Peter Boxall said the increases would generate an additional \$20.4 million above the rate peg over the 7-year period, which would be used to maintain and renew key assets – buildings, sporting fields, stormwater and parks.

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 2021-22 on the outcomes achieved.

"IPART has decided to approve the special variation in full, allowing Willoughby City Council to increase its general income from rates by 11.8% including the assumed rate peg over the next 2 years, and to remain in the rate base for 7 years, that is until 2021-22," 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 Willoughby City Council's application, average residential rates would increase by \$61 in 2015-16 and business rates by \$381.

Dr Boxall said special variations are designed to give councils the flexibility to generate additional income above the assumed rate peg to meet their specific needs, with an independent assessment process to approve the increase.

Applications are assessed by IPART against the NSW Government's published criteria, with submissions received directly from ratepayers, community groups, business groups and ratepayer associations also considered.

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

Willoughby City Council is 1 of the 22 councils that made an application for a special variation of the 152 councils in NSW. IPART approved 21 applications in full and 1 was partially approved. An application from Mosman Council for a permanent increase of 13% has also been approved.

The full report on Willoughby City Council’s application is available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

#### **Willoughby City Council – special variation summary**

Increase in 2015-16 (including rate peg)	6.9%
Increase in average residential rates 2015-16 (\$)	\$61
Summary of purpose	To reduce council's infrastructure backlog.
Total cumulative increase over 2 years (including rate peg)	11.8%

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