

## WOLLONDILLY SHIRE COUNCIL'S SPECIAL RATE VARIATION APPROVED

**19 May 2015**

The Independent Pricing and Regulatory Tribunal (IPART) has approved Wollondilly Shire 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 4 consecutive increases of 10.8% each year from 2015-16 to 2018-19, all including the rate peg, to be retained permanently in its rates base. The increases will generate an additional \$9.03 million above the rate peg over the 4-year period, which will be used to maintain and renew key assets – buildings, roads and bridges, footpaths, playgrounds and sports fields – as well as improve council's financial sustainability.

IPART has imposed conditions on Wollondilly Shire Council 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 2024-25 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.

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.

"After careful consideration, IPART has decided to approve the application in full, allowing Wollondilly Shire Council to increase its general income from rates by 38.82% above the assumed 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, business, farmland and mining.

Based on Wollondilly Shire Council's application, average residential rates will increase by \$109 in 2015-16, business rates by \$237, farmland rates by \$32 and mining rates by \$15,940.

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.

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

“We are aware that our decision to approve the increase in general income by 50.72% including the rate peg over the next 4 years is among the biggest percentage increases in NSW,” Dr Boxall said.

“But although these increases are significant, we have determined that they are reasonable under the criteria given the need for the revenue.”

In approving the application, IPART noted that Wollondilly Shire Council has a hardship policy for ratepayers with payment difficulties that includes an additional \$45 pensioner rebate over and above the statutory \$250 rebate, a 50% discount on waste management charges and \$100% discount on stormwater management charges for pensioners, waived interest charges for ratepayers on payment plans and suspension of rate increases for a period of up to 5 years.

Wollondilly Shire 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.

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

#### **Wollondilly Shire Council – special variation summary**

Increase in 2015-16 (including rate peg)	10.8%
Increase in average residential rates 2015-16 (\$)	\$109
Summary of purpose	Reduce council’s infrastructure backlog.
Total cumulative increase over 4 years (including rate peg)	50.72%

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