

Media Release

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Rate peg set for 2025-26

The NSW Independent Pricing and Regulatory Tribunal (IPART) has set core council rate pegs for the 2025-26 financial year, ranging from 3.6% to 5.1%. There is a separate rate peg for each of NSW's 128 councils.

Tribunal Chair Carmel Donnelly said the rate pegs limit the amount by which councils can increase their rates income, while allowing them to meet changes in the cost of providing services.

"The rate pegs allow the councils to cover the increasing costs of continuing to provide their services," Ms Donnelly said.

"The Tribunal understands that the community has been facing significant cost-of-living pressures and we have taken this into account in our decision making. We continue to make some adjustments to the rate peg over several years to limit the impact on ratepayers. We encourage anyone that is having difficulty paying their rates bill to get in touch with their council to access pensioner concessions and other hardship support."

Ms Donnelly said each council's rate peg is the maximum percentage by which the council can increase their general income. It is open to councils to decide not to implement the increase or to delay it.

"Ultimately, elected councillors decide whether to increase rates and by how much," Ms Donnelly said.

"And the rate pegs do not apply directly to individual ratepayers' rates. Councils may increase categories of rates by more or less than the rate peg, provided the total increase in general income remains within the rate peg."

IPART applied a population factor to 72 of the 128 councils' rate pegs to reflect population growth. This population growth factor is not expected to drive increases in individual rates because any increase from the population factor is spread among the increased number of ratepayers.

"The population factor allows councils in growth areas to collect the additional rates revenue required to provide services to a growing population, from a larger number of ratepayers," Ms Donnelly said.

"We also made a special adjustment to the population factor for 13 councils to ensure that ratepayers do not pay more than they should. This was for councils with recent population growth, but where we found this to be the population returning to 2019 levels after falling during the COVID-19 pandemic."

Councils receive income from various sources including grants and user fees and charges. The rate pegs apply only to council 'general income' revenue received mostly from rates, which constitutes on average about one third of councils' total income. More information is available from www.ipart.nsw.gov.au.

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