

13 December 2012

Our Ref: F09/587
Contact: Amanda Spalding – 9562 1752



Mr James Cox PSM
Chief Executive Officer
The Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230

Dear Mr Cox

Re: Notification of Council's Intention to apply for a Special Variation to General Income

I refer to discussions between you and your team at IPART, with myself and other Senior Managers from Rockdale City Council held on 29 November 2012.

Rockdale City Council resolved at its meeting of 12 December 2012 to apply for approval for a Special Variation to General Income, to generate income which will be directed to contribute to the funding of the renewals of Council's assets. As you know we are developing a new Long Term Financial Plan and Rockdale Asset Management Strategy, as well as reviewing and developing a new Community Strategic Plan with the comprehensive community engagement program that we discussed with you.

We also demonstrated to you the savings and productivity increases that Council has achieved over recent years through ongoing business improvement plans and this work will continue. Council noted that an increase in the rate base is one part of the ongoing solution to addressing the funding shortfall for asset renewals.

Overall Council's asset renewals ratio was only 21% in 2011/12. This is an improvement on the previous year when Rockdale's ratio was only 17%, and the NSW average was 84.4%. At the September 2012 Local Government Election 8 new Councillors were elected to Rockdale City Council. It is understood by Council that to achieve the level of renewals of our assets appropriate for a rapidly growing city, we need additional consistent income.

Community engagement on the proposal for 3% rate increases over a total of 5 years will take place from early January to late February. Council has considered the merits of a variation under S508(2) and under S508(A), but a final decision on the type of variation is still to be made.

The variation on which Council will engage the community in early 2013 will yield \$6.9 million in the 5th year (2017/18) and beyond. This is estimated to improve our asset renewal ratio to 72% by 2024/2025.

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Rockdale City Council will finalise its community engagement and review the results of that engagement for submitting an application by the due date of 11 March 2013.

Please direct any questions about this matter to Council's Director Corporate and Community, Amanda Spalding on 9562 1752.

Yours sincerely

A handwritten signature in black ink that reads "Meredith Wallace". The signature is written in a cursive style with a large initial 'M'.

Meredith Wallace
General Manager