

# Fact Sheet – Council notifications of rate applications for 2017-18



23 December 2016



## WHAT

This fact sheet summarises which councils have notified us of their intention to apply for a special variation (SV) to their general income or for an increase in minimum rates (MR) in 2017-18.



## WHY

SVs may fund:

- ▼ improvements in the council's financial sustainability
- ▼ reductions in backlogs for asset maintenance and renewal
- ▼ new or enhanced services to meet the needs of the local community
- ▼ projects of regional significance, and
- ▼ special cost pressures being faced by the council.



## WHO

Fourteen councils notified us by 23 December 2016 that they intended to apply for an SV or an MR increase for 2017-18.

These councils were:

- ▼ Ballina Shire
- ▼ Bellingen Shire
- ▼ Byron Shire
- ▼ Federation
- ▼ Hunter's Hill
- ▼ Inverell Shire
- ▼ Kempsey Shire
- ▼ Lockhart Shire
- ▼ MidCoast
- ▼ Muswellbrook Shire
- ▼ Port Macquarie-Hastings
- ▼ Shoalhaven City
- ▼ Sutherland Shire

### ▼ Willoughby City

Under guidelines issued by the Office of Local Government on 15 December 2016, **new councils created in 2016, or councils whose merger proposals are pending due to legal proceedings, are ineligible for SVs or MR increases in 2017-18.** This policy affects four of the councils that have notified IPART (Federation, Hunter's Hill, MidCoast and Willoughby City).

Before applications close, members of the community should participate in the council's engagement processes. For details, check your council's website, local media or contact your council directly.



## WHEN

- ▼ **13 February 2017** – councils submit Part A and Part B of their SV applications via IPART's [Council Portal](#).
- ▼ **13 March 2017** – councils submit Part A and Part B of their MR applications via IPART's [Council Portal](#).
- ▼ **13 March 2017** – public submissions close regarding proposed SVs.
- ▼ **10 April 2017** – public submissions close regarding proposed MRs.
- ▼ **16 May 2017** – IPART publishes its determinations on all applications for SVs and MR increases for 2017-18.

## 1 Purpose

This fact sheet summarises the list of councils that have notified us of their intention to apply under the *Local Government Act 1993* (NSW) for an SV or an MR increase for 2017-18.

If councils decide to proceed with an SV application they must apply to IPART by 13 February 2017. Applications for MRs are due by 13 March 2017.

## 2 What is an SV?

An SV allows councils to increase general income above the rate peg, which has been set by IPART at 1.5% for 2017-18. For most councils, general income consists of rates income. For a small number of councils, general income also includes some annual charges such as drainage levies.

The *Local Government Act 1993* (NSW) provides for two types of SVs:

- ▼ a single year percentage increase, under section 508(2), or
- ▼ successive annual percentage increases over a period of between 2 and 7 years, under section 508A.

Applications for each of these may be either permanent (ie, the rates base stays at the higher level following the SV), or temporary (ie, the rates base is adjusted to match the rate peg path after the SV expires).

## 3 Which councils have notified us?

Table 1 lists the councils that have notified us that they intend to apply either for an SV or an MR increase for 2017-18.

Under the Office of Local Government's guidelines, **new councils created in 2016, or councils whose merger proposals are pending due to legal proceedings are ineligible for SVs or MR increases in 2017-18.** Table 1 lists four councils affected by this policy (Federation, Hunter's Hill, MidCoast and Willoughby City).

Table 1 also provides details of the proposed increases and how the funds are to be used. Some of the proposed percentage increases are estimates only. This is because the council may decide to apply for different SV percentages after concluding its community consultation or deliberating on its revenue and expenditure plans for the coming year(s).

We have posted the notification letters we have received on [IPART's website](#).

Most councils have completed, or are currently about to complete, consultation with their communities about their proposed SVs.

## 4 How can ratepayers comment on their council's proposal?

The guidelines require councils to engage with their communities about the council's expenditure and revenue plans as part of the Integrated Planning and Reporting (IP&R) process. IPART encourages members of the community to participate in their council's community engagement processes. Information on community engagement will be available on council websites, in the local media or from councils directly.

For further information see our *Fact Sheet – Community awareness and engagement for special variation applications* – on [IPART's website](#).

IPART does not hold public hearings as part of its assessment of council applications. As councils must engage with the community when assessing options for an SV, we expect that councils will have already sought and considered the community's views on their proposed SV.

We will accept submissions using our electronic submission facility that is located on the council applications page of [IPART's website](#). In regards to proposed SVs, we will accept submissions until **13 March 2017**. For MR applications we will accept submissions until **10 April 2017**.

Members of the community and industry stakeholders may indicate in writing at the time of their submission that they prefer it or any part of it to be treated as confidential.

We intend to publish all non-confidential public submissions from 14 March 2017. We generally remove email addresses, postal addresses and telephone numbers before publishing submissions.

Submissions may also be emailed to [localgovernment@ipart.nsw.gov.au](mailto:localgovernment@ipart.nsw.gov.au) or posted to:

Local Government Team  
Independent Pricing and Regulatory Tribunal of NSW  
PO Box K35  
Haymarket Post Shop NSW 1240

## 5 How will IPART assess the applications?

We will assess council's applications against the criteria set out in the Office of Local Government's guidelines.<sup>1</sup>

For further information see our *Fact Sheet – How does IPART assess applications for special variations by councils* – on [IPART's website](#).

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<sup>1</sup> *Guidelines for the preparation of an application for a special variation to general income for 2017-18 and Guidelines for the preparation of an application to increase minimum rates above the statutory limit 2017-18*, December 2016, available on [IPART's website](#).

Table 1 Council notifications for SVs and MR increases for 2017-18

Council	Type of SV or MR	Notified application - % increase per year (includes rate peg <sup>a</sup> )							Cumulative % rise	Purpose
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24		
Ballina Shire	508A	4.9	5.9	5.9					17.6	Fund renewal of core infrastructure and actions to improve health of waterways.
Bellingen Shire	508(2)	6.0							6.0	Fund infrastructure works as part of council's road resurfacing program.
Byron Shire <sup>b</sup>	508A									Fund additional asset renewal and maintenance.
▼ Option 1		7.5	7.5	7.5	7.5				33.5	
▼ Option 2		10.0	10.0	10.0	10.0				46.4	
▼ Option 3		12.5	12.5	12.5	12.5				60.2	
Federation <sup>c</sup>	508A	Level of special variation not yet determined.								Fund capital and ongoing running costs of a new swimming pool.
Hunter's Hill <sup>c</sup>	508(2)	10.0							10.0	<ul style="list-style-type: none"> <li>▼ Maintain existing services and improve financial sustainability (permanent 6% increase, including 1.5% rate peg).</li> <li>▼ Replace an expiring existing special rate to maintain and improve community facilities and infrastructure (temporary 4.0% increase for 10 years).</li> </ul>
Inverell Shire	508A	6.25	7.25	7.25					22.2	Maintain and renew infrastructure, reduce infrastructure backlog and improve financial sustainability.
Kempsey Shire	Details of special variation not yet determined.									
Lockhart Shire	508A	4.6	4.6	4.6	4.6	4.6	4.6	4.6	37.0	Improve financial sustainability, refurbish community infrastructure and repair flood damage to roads.

MidCoast Council <sup>c</sup>	508A	11.0	5.0	5.0	5.0				28.5	Fund infrastructure renewal and maintenance programs, as well as an Environmental Levy. Council proposes to replace the following SVs with this proposal: <ul style="list-style-type: none"> <li>▼ Existing Environmental Levies for the Great Lakes and Manning Regions, due to expire in 2019/20 and 2018/19 respectively.</li> <li>▼ Existing special variation for the Gloucester Region, approved to apply in 2017/18.</li> </ul>	
Muswellbrook Shire	S508A	4.0	5.0	5.0	5.0				20.4	Fund three regionally significant projects (including the ongoing operational costs).	
Port Macquarie-Hastings	508(2)	5.46							5.46	Maintain and renew council's road network.	
Shoalhaven City <sup>b</sup>	508A										
▼ Option 1		13.0	13.0	2.0	2.0	2.0	2.0	2.0	41.0	<ul style="list-style-type: none"> <li>▼ Maintain and renew infrastructure, maintain services, improve financial sustainability (assumed rate peg of 1.5% in 2017/18 to 2018/19 and then 2.0% for future years).</li> <li>▼ Council is also proposing an additional s508(2) special variation of 0.385% in 2017-18, applying to the 32 ratepayers of the 'Paper Estate' subdivision in the Verons Estate. This will fund essential infrastructure, allowing development to occur and is based on a 10 year period (to be determined).</li> </ul>	
▼ Option 2		7.77	7.77	8.27	8.27	2.0	2.0	2.0	44.5		
▼ Option 3		6.5	6.5	7.0	7.0	7.0	7.0	7.0	59.1		
Sutherland Shire	MR	Level of minimum rate increase not yet determined.									
Willoughby City <sup>c</sup>	508A	2.97	2.95						6.0	Special rate for a car park upgrade (assumed rate peg of 1.5% each year).	

<sup>a</sup> The rate peg increase for 2017-18 is 1.5%. Where councils have not assumed a rate peg in future years, IPART has assumed 2.5%.

<sup>b</sup> Council is yet to determine its preferred option.

<sup>c</sup> New council created in 2016 or council whose merger proposal is pending due to legal proceedings.