

Willoughby Council special rate variation application not approved

The Independent Pricing and Regulatory Tribunal (IPART) has not approved Willoughby Council's application to increase its general income to fund the \$1.5 million upgrade of the Northbridge Plaza car park.

The council applied to increase its overall revenue by 0.76% above the 2.3% state-wide rate peg, with the entire increase to be levied by a 309% increase in the rates paid by Northbridge Plaza owner AMP Capital Shopping Centres.

IPART Chair Dr Peter Boxall said the council has not sufficiently demonstrated the financial need to increase its overall revenue. It is up to the council to decide if it wants to impose a levy on the shopping centre owners within its current revenue cap, to fund the upgrade without a special variation.

"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 process to assess the increase," Dr Boxall said.

"In the case of Willoughby Council, we found that the council's strong financial position meant it could fund the expenditure without an increase in revenue above the rate peg. It could in turn reduce the overall burden on other ratepayers if it set a special levy on the beneficiaries of the upgrade within the existing rate peg.

"Our decision does not preclude Willoughby Council levying a special rate on the beneficiaries of the proposed upgrade to the Northbridge Plaza car park to fund the infrastructure works.

"It is a matter for each individual council to determine how it collects rate revenue across different categories of ratepayer, and who bears the costs for infrastructure upgrades. Under our decision, if Willoughby Council does levy a special rate to fund the upgrade, the average rate rise for other ratepayers would be about 1.5% rather than 2.3% in 2018-19. "

IPART also found that the council did not sufficiently communicate its intention to apply for a special rate variation in its Integrated Planning & Reporting (IP&R) documentation.

Willoughby is among 13 councils across NSW (of a total of 128) to make a special variation application to increase rates for 2018-19. IPART approved 9 applications in full, 2 applications were approved in part, and 2 were not approved.

IPART will set the next rate peg, to apply from 1 July 2019, in September this year to provide councils with more time to prepare annual budgets and consult with their communities if they are considering applying for a special rate variation.

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More information is available at ipart.nsw.gov.au

The full reports on all of the councils' applications are available on IPART's website <<http://www.ipart.nsw.gov.au>>.

Note: All percentages include the 2.3% rate peg applicable to all NSW councils in 2018-19, and the assumed rate peg in subsequent years.