

# Additional Special Variation to Rates 2022/23 Application

Councils can only increase their rates each year by up to the rate peg limit determined by the Independent Pricing and Regulatory Tribunal (IPART). Last year when we undertook our long term financial planning Council assumed a rate peg limit for 2022-23 of 2%, which was consistent with the 2021-22 rate peg limit and with long term inflation forecasts at that time.

The rate peg limit for Woollahra Council for 2022-23 was announced by IPART in December 2021 at 0.7%. This will challenge Council in meeting its obligations and is significantly lower than Council had anticipated. In the 12 months to March 2022 the CPI was 5.1% nationally (4.4% in Sydney) - more than six times the rate peg.

The 2022-23 rate peg of 0.7% was based on the changes in costs experienced by councils between 2019-20 and 2020-21, in the low inflation environment at the beginning of the COVID-19 pandemic. In acknowledgement such a low rate peg would result in difficulty for councils, the Office of Local Government (OLG) announced an 'Additional Special Variation (ASV)'. The ASV is a one off process for the 2022/23 financial year and provides Council with a mechanism to maintain its expected level of rating income and expenditure program.

Council has made an application to the IPART, under Section 508(2) of the Act, for a permanent single year special variation to general (rates) income of 2.0% (including the rate peg of 0.7%) for the 2022/23 financial year. Council will receive approximately \$551,000 in additional income in the 2022/23 financial year if the special variation is approved (on top of the forecast \$292,710 provided through the IPART rate peg of 0.7%), which maintains rates income at the level expected in the 2022/23 financial year.

IPART will publish applications through [their website](#) to enable community consultation for a period from 4 - 24 of May 2022. IPART will notify Council of its decision no later than 21 June 2022.

Council has provided two draft Rating Structures within our [draft Operational Plan 2022/23](#). The first (pg 29) shows what the rating structure would be at an increase of the 0.7% rate peg and the second (pg 30) shows the what the rating structure would be at a total rate increase of 2%.

For further information from the Independent Pricing and Regulatory Tribunal (IPART) on the 2022-23 Additional Special Variation (ASV) please refer to this [link](#).



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